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# West Europe Report

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11 February 1982

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No. 1903

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**FRENCH CITIZEN WHO DIED IN FINLAND LINKED TO TERROR GROUP**

Ben Chelal Represented 'Action Directe'

[Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 82 p 7]

[Article by Lauri Karen: "Guards Armed With Automatic Pistols at Door of Paris Embassy"]

[Text] Paris--Security arrangements were increased and tightened up at the Finnish Embassy in Paris after a representative of the extreme leftwing French terrorist organization Action Directe died on Sunday in Helsinki under controversial conditions.

Lahouari Ben Chelal, 27 years old, who was detained for cashing falsified traveler's checks, died as a victim of a suicide attempt according to Finnish officials. Ben Chelal was in Finland "under orders" to exchange checks into legal tender for the purpose of funding revolutionary activities in France.

The Finnish Embassy in Paris is now under continuous guard by a police car and French security police armed with automatic pistols.

**Embassy Receives "Strange Calls"**

Security was reinforced after the embassy began to receive "peculiar" telephone calls according to a statement by Joumi Lilja. They did not contain any direct threats. However, Action Directe is an organization which French officials take seriously. Close to 30 violent attempted assassinations and bold robberies are attributed to it.

The Finnish Embassy in Paris became involved in the Ben Chelal incident when Finnish officials requested official help from France in determining the identity of the individual in question after his detention on 23 December.

On Tuesday when information about Ben Chelal's death was disseminated in France, the embassy had to renew its contacts with officials in France because of the "peculiar" telephone calls.

According to an account in Wednesday's edition of QUOTIDIEN DE PARIS Action Directe accuses Finnish officials of causing Ben Chelal's death. According to these argu-

ments Ben Chelal, who was detained by the Finnish police for 17 days, was transported to a hospital in a deep coma only just before his death on 10 January.

#### "Suspicious Marks on Neck"

Jean-Marc Rouillan, who is a former leader of Action Directe, disputes the Finnish doctors' arguments that the individual in question had hung himself with a piece of felt in his cell according to QUOTIDIEN DE PARIS.

A representative of Ben Chelal's family, who according to the newspaper has been in Helsinki, states that he saw "suspicious marks" on Ben Chelal's neck. The family intends to demand an autopsy and the establishment of a commission of investigation.

The French Foreign Ministry has stated in Paris that the French Embassy in Helsinki is "actively following" events.

The phone calls received by the Finnish Embassy in Paris are probably in some cases from the family or friends of the deceased.

On Wednesday LE MONDE devoted a two-column article to the career of Ben Chelal or "Farid" as he was known by his comrades in arms. The article stated that Farid had travelled to Finland on 19 December with 20,000 dollars' worth of falsified traveler's checks (approximately 100,000 Finnish markkas) for the purpose of changing them in Helsinki in order to fund revolutionary activities.

According to the newspaper Farid's friends do not believe in his natural death -- Farid suffered from heart disease -- any more than in his suicide. They argue that the Finns "have murdered our comrade". Finnish officials refute such a theory.

#### Comrade in Crime Source of Information

LE MONDE's source of information seems to be "Farid's" age-old friend, Algerian-born Jean-Jacques Smadja, whose criminal record is far from being clean.

Smadja's name appears continuously in police records, especially in 1980, when he received a 3-year conditional sentence together with another member of Action Directe, Eric Waucquier, for a series of explosions that took place in Paris.

Out of five explosions that took place on a single night at least two are the responsibility of Action Directe. In connection with these explosions the police also detained Ben Chelal, who had just happened to be spending that particular night in Smadja's residence.

For his participation Ben Chelal received an 18-month sentence, of which 1 year was conditional.

It appears that he continued his previous activities immediately upon release from prison.

### An Attack on Elysee Palace

Close to 20 members of Action Directe have been behind bars in France ever since the movement became public in the spring of 1979 by making its first attack on the main office of the French employers' organization in Paris.

Its "heroic feats" subsequently include, among other things, an attempted attack on Elysee Palace, in front of which the police skirmished with approximately 20 radicals in September 1981. Its actions include numerous explosions, armed robberies, and acts of arson, which have been directed at various ministries, the military college, many public offices, and industrial enterprises.

### An Attempted Assassination at the Airport

Most recently the organization provided a subject of conversation when its "commando squad" attacked one of the most famous restaurants in Paris, La Tour d'Argent, causing violent destruction. The terrorists destroyed antique furniture and other irreplaceable items.

There were more serious consequences from the attempted bombing assassination by Action Directe at the Orly Airport in June 1980. Seven people from the cleaning staff were injured in the explosion.

Murders can also be attributed to Jean-Pierre Conty, who is one of the leaders of the organization. In September 1980 the police conducted a raid on his residence in southern France and found a warehouse containing 1,250 kilos of explosives.

The explosives seem at least partly to have come from a burglary committed 5 years before at his place of employment.

In another police raid conducted at approximately the same time the police detained Italian-born Olga Girotto, who had 600 kilos of explosives in her possession.

### Ideology Not Clear

Girotto seems to point to ties between Action Directe and Italian extreme leftwing terrorist organizations. It is suspected that she belongs to an organization that works in cooperation with Prima Linea or the Red Brigades.

Action Directe's political ideology is not clear except that it preaches the doctrine of an "armed struggle" against the "police state".

In several of its attacks it has demanded freedom for imprisoned members of its organization.

### Autopsy Confirms Suicide

Helsinki HELSINGIN SANOMAT in Finnish 15 Jan 82 p 12

[Article: "Frenchman Detained for Check Fraud Talked About Terrorist Ties, Autopsy Confirmed Reason of Death as Suicide"]

[Text] The reason for the death of Lahouari Ben Chelal, who died in Helsinki, was given as suicide in an autopsy performed on Thursday. Before hanging himself he disclosed his connections with the French terrorist organization Action Directe, states the Security Police.

Ben Chelal, 27, who lived in Algeria, was a French citizen. He arrived in Finland from Stockholm on 19 December with 20,000 dollars' worth of falsified traveler's checks.

He cashed 61,400 markkas' worth of falsified First National City Bank traveler's checks in various banks. The money has still not been found.

The Criminal Police detained Ben Chelal in a Helsinki bank on 22 December at 2:30 pm when he attempted to change a 10,000 dollar check into markkas.

After being detained Ben Chelal was kept in the custody of the Helsinki Criminal Police on Aleksanteri Street.

On Wednesday of last week Ben Chelal hung himself with a rope made of felt. An ambulance rushed him to Meilahti Hospital and the ambulance personnel were able to restore his heartbeat. However, he died in the hospital last Sunday at 7:35 pm.

Ben Chelal's uncle, who came to Finland, stated that he saw "suspicious marks" on the neck of the deceased. Relatives and members of the Action Directe organization have publicly suspected that the police murdered him.

Rumors of murder were torpedoed on Thursday when Doctor Pekka Karhunen performed an autopsy in the Institute of Medical Jurisprudence. According to the results of the autopsy death "was not in any way accelerated". Samples will still be taken from the body for analysis, but the cause of death has already now been confirmed. Ben Chelal also suffered from heart disease.

The Helsinki Criminal Police did not say a word about the check fraud or the death of the individual in question before Wednesday -- when French newspapers reported on Ben Chelal. According to the police there were valid reasons for the silence, information was not intentionally obscured.

"We detained the man, but we were only concerned with the matter of check fraud," states Director Sigfrid Gronroos of the Fraud Section. "The clarification of the man's identity and background was not part of our job, and we had no idea of his connections with a terrorist organization."

According to Gronroos there was no reason to make this incident of check fraud public immediately: it was suspected that there were several people spreading falsified checks and we wanted to catch his comrades also. "It is still not certain whether he acted alone," states Gronroos.

Ben Chelal's death has been studied in the police office on violence. Vaino Rantio, the director of the office, states that the incident was not considered worth making public: the Criminal Police investigates approximately 1,300 questionable deaths in Helsinki every year.

Approximately 150 suicides are investigated by the police in Helsinki every year. Less than 10 deaths occur in jail annually, and there are very few suicides that take place in police detention facilities. Those who die in jail are generally in poor health or in a state of inebriation.

Ben Chelal Spoke Finnish

The French terrorist's identity and background information were confirmed in the police section of the Interior Ministry and in the Security Police. The Security Police interviewed the individual in question in the facilities of the Criminal Police.

According to Police Chief Erkki J. Korhonen there is really nothing to say. He states that it is not known when Ben Chelal began to be suspected of being a terrorist.

Security Police Chief Seppo Tiitinen is also reticent. The information from the French newspapers has been made public and the incident was objectively handled by the Criminal Police, he states. Tiitinen states that Chelal himself talked about his ties with a terrorist organization, but does not disclose when.

It is known that Ben Chelal, who used the "battle name" Farid in his organization, had numerous friends and acquaintances in Finland. He stated that he was an anarchist since 1978. It is said that he studied medicine and used drugs. In addition, it is known that he studied Finnish at Sorbonne University and that he also spoke rather good Finnish.

Officials will not disclose whether special security arrangements have been made because of Ben Chelal's death. For example, the typical answer to this question from the Foreign Ministry is: "All kinds of measures are being considered".

Cooperation of French Authorities

Helsinki HELSINGIN SANOMAT in Finnish 15 Jan 82 p 12

[Article by Lauri Karen: "French Express Trust in Finnish Information"]

[Text] Geneva--"We do not have the slightest reason to doubt the information provided by Finnish officials, according to which Lahouari Ben Chelal's death was caused by hanging himself," stated Minister Jean Bressot, assistant chief of the press section of the French Foreign Ministry, on Thursday to HELSINGIN SANOMAT.

A member of the extreme leftwing French terrorist organization Action Directe died on Sunday in a Helsinki hospital after having been detained by the police for 3 weeks as the result of an attempt to change falsified traveler's checks into Finnish money.

Action Directe has argued in Paris that Ben Chelal, who was "under orders", was murdered by the Finnish police. Ben Chelal's task was to change 20,000 dollars' worth of falsified traveler's checks into legal tender for the purpose of funding the revolutionary activities of Action Directe in France.

## Security Reduced

According to Minister Bressot French officials have maintained normal ties with their representatives or the embassy in Helsinki and consulates as a result of this incident. Their task is to make arrangements for the return of the body to France, among other things.

"We have no further information on this matter," stated Bressot.

The French security guard in front of the Finnish Embassy in Paris, which still consisted of a police car and a guard with an automatic pistol on Wednesday, was reduced to a policeman equipped with a radio on Thursday.

From the point of view of the Finnish Embassy there is nothing new in the situation although it is apparent that internal security precautions and arrangements are being carried out with greater than normal attention.

The Finnish diplomatic community is, however, startled by the observation that international terrorism can extend its activities even to Finland.

## Ties to Italy

The extreme leftwing Action Directe has "distinguished itself" with numerous violent acts in France since the spring of 1979.

It seems to have ties with Italian terrorism, the most famous representatives of which are the Red Brigades and the Prima Linea.

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**EDITOR LOOKS AT LONG-RANGE NATIONAL ENERGY ALTERNATIVES**

Helsinki HELSINGIN SANOMAT in Finnish 9 Jan 82 p 30

[Article by Heikki Tikkainen: "The Energy Policy Dilemma"]

[Text] Editor-in-Chief Heikki Tikkainen of HELSINGIN SANOMAT recently delivered a speech at the Finnish Power Plant Association on the relationship of the power companies with the rest of society. The speech as well as the ensuing discussion on the pressures experienced by energy leaders make up the subject of the article below.

The director of a Finnish power company finds himself in a difficult situation. Regardless of the means by which he produces energy, he is always being criticized by some group.

The pressures on energy people seem only to increase. If the building permit for a new power plant is difficult to obtain today, it will be even more difficult tomorrow. The director of a power company must be a jack-of-all-trades in order to provide society with electricity -- and also to satisfy the expectations of his own employers.

The situation is beginning to become aggravated. On the one hand, the people should understand that energy is not created from nothing. On the other hand, the producers of energy should meet the environmentalists and other concerned people halfway. Otherwise, electricity will have to be produced under the special protection of the police.

Finland's present energy production has been relatively well accepted. There also seems to be no great disagreement with the concept that the improvement of the general well-being requires the production of new energy, it must be produced one way or another. But how?

There the unanimity stops. Every form of energy has its detrimental effects. Any method of producing energy can be easily opposed -- if there is no need to say what the accepted method should be.

**All Forms of Energy Are Opposed**

Let us begin with nuclear power plants: concern over their safety risks and the difficulty of disposing nuclear waste is increasing throughout the world. This is

happening even in Finland even though the nuclear power units built here -- in Loviisa and Olkiluoto -- are probably the world's safest.

But each disturbance or an outright accident in nuclear power plants in other parts of the world increases the sense of insecurity in Finland also. Imatra Power and Teollisuuden Voima [Industrial Power] are not able to do anything to change this circumstance.

It is said that the world's most poorly built nuclear power plants will be the first to disintegrate as they become older. This seems logical. Thus the growing possibility of a power plant catastrophe also makes the future of Finnish nuclear power plant directors uncertain. It can only be hoped that the consequences of an accident will not reach Finland.

Not one single circumstance points to the fact that a general understanding of nuclear power will increase. Differences of opinion are thus only growing.

And what about hydropower. In Finland two-thirds has already been developed, one-third still flows free.

The inclusion of this final one-third in the system to meet the needs of the power economy will mean a further disturbance of nature, frequently wilderness areas, which are becoming rare throughout all of Europe.

No one can be surprised that the word struggle is connected with the protection of the last natural sources of hydropower. If the energy people stubbornly stick to such dramatic projects as the harnessing of the Ounas River or the Ruunaa rapids of the Lieksa River, for example, the opposition will acquire forms that will arouse attention.

A large portion of our country's power plants has been powered by oil and coal until now. Now there is a considerable interest in coal. Frightened by the oil crises, the energy people see hope in coal even though this fuel must be imported from across the Atlantic as long as the disturbances in Poland continue. Oil-operated power plants are being converted to coal one after another. Black coal has acquired the glitter of gold.

As far as public opinion is concerned both these two types of power plants are also causing headaches for power plant directors. Their sulphur emissions are already being questioned with complete justification, and it seems that a large sulphur discussion is in the making. Another good question is that if a large portion of the world's power plants converts to coal, how will the atmosphere withstand it? And what would be Finland's share in this?

It would be naive to imagine that oil- and coal-operated power plants would in the future be able to avoid the sharp criticism they have avoided so far. The detrimental effects caused by the treatment and transporting of coal alone are irritating city residents more than before.

Oil- and coal-operated power plants use imported fuel, and for this reason many have talked on behalf of peat-operated power plants. From the point of view of

public opinion this is entering a dangerous zone. Many experts in the world do not at all approve of the burning of peat as a source of thermal energy. It is a question of a nearly unrenewable resource, the earth's meager humus layer.

Finland's peat-operated power plant director will also be accused of disturbing the balance of moisture when peat has been removed from the surface. The concern is justified. One landowner may sell his peat to a power company. And because of this, another farmer will have flooded fields.

Presumably, the director of a peat-operated power plant will have a difficult time defending his own positions in the future.

The only source of energy remaining in this list being considered is natural gas, that form of power offered by the Soviet Union and placed in the hands of Neste. No one seems to take it seriously here even though it has no detrimental environmental effects.

It seems that natural gas is too troublesome of a competitor for all energy quarters (oil, nuclear power, and other power). It has not been seriously talked about in Finland, and even the environmentalists have not demanded it as an alternative for some reason or another. It is in its own category for the time being.

Nothing else of any consequence is available. Some are awaiting energy from the sun and the wind as well as energy from the movement of waves and currents in the ocean. But these solutions will not come in time to alleviate the difficult position of the Finnish power plant director in the near future.

#### Energy Bosses Need Training

Thus the energy director is in a new situation. Whatever new endeavor he may undertake, he will be faced with the growing opposition of society. He controls technology and has become accustomed to pushing his projects through. He is an expert, knows megawatts and the hydropower capacity of his district.

But now his opponents resort to issues which the power plant knout does not understand. He should be a psychologist, a social scientist, and a pr-man in his field. His opponents are quick and vocal. The energy director is put on the defensive and suffers from an inferior position regarding information.

The director of a power plant is an enterprise director. In seminars on commerce and industry he is trained to know that a good enterprise director can increase the sales of his firm, increase the share of the market, and keep the margin of protection wide.

However, this is no longer possible for the director of a power plant except in rare exceptional instances. The reasons lie outside of the power companies.

The director of a power company has his own employers. They sit on the power company's board of directors. In the present situation they should understand that directors of power companies who are salaried by them should not be labelled as

inept if new power plant projects are not realized in Finland. But do they understand?

Now we are in a situation in which the sales and the market share of a power company should not grow. Nevertheless, the management of a company may still be as capable as it has been so far.

Looking at it from a national point of view Finland does not need any more energy at this time. We have sufficient power reserves so that there is time for a breathing spell that can last several years. It should be used for the deliberation of future directions.

Could not the directors of power plants and their employers consider completely new strategies?

For example, in the area of nuclear energy criticism has been aroused by the fact that decisive decisionmaking has remained in the hands of the producers of nuclear power, Imatra Power and Teollisuuden Voima. If these companies voluntarily and on their own initiative demand increased power for the Radiation Safety Institute and an improvement in its resources, this would give a good picture of a change in strategy.

The knowledge that the impartial supervision of nuclear power plants will increase and that the opportunities for power companies to conceal issues are decreasing would have a calming effect on society and would alleviate the bad reputation of the power companies. In this way the power companies would give up some of their power and would receive peaceful operating conditions in return.

The hydropower plants, for their part, could present a far-reaching proposal for allowing those townships and areas which give up present or new electricity to the national network to receive their own electricity at cost. If those petit difficulties which have stood in the way of this concept can be resolved, the whole discussion on the despicability and robber-nature of the hydropower companies would move on to a new track.

It is nearly incomprehensible that many outlying townships have until now had to give up their energy, their natural resources, for the needs of other areas and have had to pay the price of the nationwide network for their electricity. Thus they have had to live meagerly in a dependence on developing area funds without attracting any industry to their areas since they have not even been able to offer energy on their own conditions.

If the hydropower companies develop a new and responsible strategy, they must extend energy to every home and enterprise in the areas providing it. The agreement between the power companies and local townships will not improve public opinion.

Apparently, the directors and their employers should establish their own training seminar, in which they would thoroughly debate the demands and challenges coming from society. The energy director cannot by himself become the jack-of-all-trades that he should soon become.

## Citizens Must Also Deliberate

But the average person also needs to train his thinking in these large issues. The attitude of citizens toward the production of energy should be resolved primarily in accordance with the following lines of thinking:

1) If a citizen approves of the concept that energy should be produced in an amount necessary for the development of the economy, it is reasonable that he will consider what means of productions are acceptable and under what conditions this production would be permissible.

2) If, on the other hand, a citizen opposes the production of energy, in general, and especially the production of additional energy, he must also accept an economic recession, an increase in unemployment, a weakening of social security, and so on.

The latter mentioned opinion is based on an ideological position. Behind it is a small minority, which, of course, has a right to its own opinion.

The majority certainly finds the question as to what form of energy would be best under our conditons to be problematical since energy must be produced one way or another. The most tempting solution would be to approve the principle of producing energy, but to oppose each method of production separately and individually. However, this would not be a fair way of doing things.

Newspapers editors must also consider the issue. A discussion on the detrimental effects of various forms of energy is being conducted in the newspapers. The printing of newspapers does not consume very much energy. Approximately 26 times more energy is used to produce the paper on which newsprint is printed in comparison with the printing process itself.

It is difficult for the average mortal to obtain a suitable grasp on the energy discussion. The framework is difficult, only experts in the area understand megawatts.

A kind of rule of thumb for those involved in the current debate is that if nuclear power and hydropower are juxtaposed, all the remaining unused hydropower in our country corresponds to one large power plant.

In this there is something for deliberation, for a start.

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**DETAILS REPORTED ON NESTE AGREEMENT TO BUY RECORD USSR OIL**

Helsinki HELSINGIN SANOMAT in Finnish 8 Jan 82 p 22

[Article: "Unprecedented Amount of Crude Oil From Soviet Union to Finland"]

[Text] This year crude oil imports from the Soviet Union will increase to 8 million tons or to an unprecedented amount. The increase over last year amounts to 800,000 tons.

The rapid increase in Soviet oil imports also means that imports from other oil countries will have to be reduced. Negotiations will be conducted with Saudi Arabia in February.

Because of the increase in total oil imports, Neste will increase exports of oil products this year, which last year amounted to 1.5 million tons.

The price of crude oil imported from the USSR will decrease a "hair's worth" according to Neste's Assistant Managing Director Kai Hietarinta. In any event the decrease will be small according to him.

Hietarinta compared the amount of the price reduction to one day's increase or decrease in the exchange rate of the dollar.

In the commodity exchange agreement concluded between Finland and Soviet Union last December the amount of crude oil imports was characterized as "only" 7--7.5 million tons. The amount in the skeleton agreement remained the same as in the previous year. However, this was interpreted to mean that crude oil imports would be closer to 7.5 million tons.

In the negotiations conducted by Neste's representatives in Moscow the section in the skeleton agreement was increased by .5 million tons.

In reality crude oil imports will, however, increase by 800,000 tons since 7.2 million tons were imported from the Soviet Union last year.

"This year we will try to import a full 8 million tons," states Assistant Managing Director Hietarinta.

According to Hietarinta the reason for this forceful increase in oil imports is purely of a trade policy nature. According to him it is a question of balancing the trade between our countries.

He emphasizes that the additional imports of 800,000 tons of oil will mean more than a billion markkas in money. For Finland this amount of money will mean work in the form of exports and many jobs will be provided.

#### Agreement Will Not Affect Consumer Prices

The agreement just concluded will not affect the consumer prices of oil products. According to Hietarinta the hope is that there will be no need to raise consumer prices at all this year.

"If the price of oil remains stable and the exchange rate of the dollar declines, in some instances there could even occur such an unheard of development as a reduction in prices," he stated.

Neste gave in to accumulated price pressures at the end of the year when prices for oil products were increased an average of 5.3 percent and gas was increased by 15 pennies.

According to Hietarinta the forceful increase in the value of the dollar had a considerable impact on Neste last spring.

However, consumer prices were not raised until the end of the year.

#### Dollar Exchange Rate Determines Prices

In the period between last January and August the import price of crude oil from the Soviet Union was 1,153 markkas per ton. The pressure to increase prices caused by the increased value of the dollar was reduced by the fact that after August the Soviet Union reduced the price of its crude oil by 8 percent.

The price was reduced somewhat again in the negotiations now concluded in Moscow.

Assistant Managing Director Hietarinta emphasizes the significance of the stability of the dollar with respect to prices. If the dollar rises to last August's high level or around 4.70 markkas, this will, of course, bring price pressures.

Assistant Managing Director Hietarinta states that Neste is satisfied with this round of negotiations. "There can be no losers or winners in the type of continuing business relationship we have with the Soviet Union."

Neste conducted its negotiations with the Soviet oil exporting association V/O Soyuznefteeksport.

According to the communique issued by Neste a clarification was made on the effect of the most recent decisions by OPEC on the price of Soviet oil in the negotiations, and freight adjustments, among other things, were made.

The value of this crude oil trade will increase to 8.5--9 billion markkas.

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**TEXT OF CIPE'S DEBATE ON ENERGY PLAN**

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 29 Dec 81 pp 1-3

[Text] New government directives on energy. Below we publish the complete text of the resolution issued by the CIPE [Inter-ministerial Committee for Economic Planning] on 4 December 1981 following the presentation of the new National Energy Plan (see STAFFETTE, 5/9, SPECIALE PEN [National Energy Plan], and 9/12) by Industry Minister Giovanni Marcora.

**The CIPE**

Whereas the proposal for the National Energy Plan, presented by the minister of industry, commerce, and crafts on 25 November 1981;

Whereas the resolutions approved by the Chamber of Deputies and the Senate of the Republic on 22 October 1981 in support of said plan which consists of the views that are widely held among the public at large, such as the correlation between energy and growth, the diversification and balance of sources, providing completeness and balance so as to prepare the conditions for the development of a social consensus as an indispensable element toward the implementation of a new energy policy which is the essential objective of the conversion of consumption models, as well as for the correction of the territorial imbalance and the upgrading of production activities within the context of national planning;

Whereas Parliament, through the above-mentioned resolutions, commits the administration to a policy of diversification of energy sources aimed at the substitution of ever larger shares of petroleum with coal, natural gas, nuclear power, and all renewable sources, as well as through energy savings;

Whereas the National Energy Plan proposed here contains the steps indicated and approved by both house of Parliament by a vast majority;

Whereas the opinion expressed by the Interregional Consultative Commission in its session of 3 December 1981;

Whereas the report from the minister of industry, commerce, and crafts;

Hereby resolves the following:

Approval is hereby given for the National Energy Plan, along with the pertinent appendices, proposed by the minister of industry, commerce, and crafts, which is an integral part of these minutes, with the following specific points.

1. A policy for the conservation, saving, and efficient use of energy will have to influence all industrial policy by providing incentives for energy savings, by stimulating research, through technological innovation, and through the development of renewable energy sources, so as, for each source, to attain the reference objectives concerning the development of the total demand for energy as spelled out by the plan up to 1985 and up to 1990.

The policies of this sector will call for rigorous coordination of public actions on the central, regional, and local levels. The moment Parliament has passed Bill No 2383/Chamber, which regulates this matter, the CIPE will issue the necessary directives.

2. The strategy of obtaining petroleum supplies must guarantee a continuous and regular flow of this energy source under conditions of more economic operation in the context of the steps provided for in the CIPE resolutions of 23 December 1975 and 23 December 1977 (see SUPPLEMENTO STAFFETTA, 24/2/1978; editor's note).

In case of necessity, upon indication by the minister of industry, the minister of state participations shall issue directives to the ENI [National Hydrocarbons Agency], ordering it to reserve a share of the crude allocated to Italy by the petroleum agencies of the governments of the producer countries to the independent national operators.

The minister of industry will furthermore submit as soon as possible a bill to Parliament which will update the standards in force to promote the definition and implementation of operational programs suitable for boosting mining prospecting activities in search for hydrocarbons and their exploitation.

The CIP [Interministerial Price Committee] will order a reform of price systems for petroleum products, reconsidering the current method for the purpose of successively moving on--for gas-oil, petroleum, and LPG--from the system of price administration to a system of price surveillance, with reference to current prices in the EEC countries.

The minister of industry consequently shall be able to impose rules which are more closely tied to the petroleum companies, both regarding the commitment assumed under the country's annual petroleum supply plan and in the quarterly programs, as well as regarding the inventory situation.

Regarding the refining and distribution system, the CIPE urges the minister of industry to set up a program for the reorganization and improvement of refining so as to improve the efficient utilization of raw materials in line with the changed makeup of the supply as well as for the rationalization of the distribution network, with said parameter gradually and at any rate by 1985 having to reach the average European level gradually. This program, which must contain specific indications as the necessary legislative and administrative instruments, will be submitted to the CIPE within 3 months.

To guarantee the proper handling of petroleum emergency situations, deriving from possible unforeseeable supply crises, the minister of industry, after hearing from the minister of the interior, will draw up an emergency plan within 3 months.

3. Regarding the supply of methane to the South, in the context of the achievements indicated in Article 11 of Law 784/1980, the CIPE will complete approval of the general methane supply plan which the minister of industry will submit this month and it will, at its next meeting, examine the overall methane supply program for the territories struck by the earthquakes in November 1980 and February 1981, in accordance with the provisions of Article 37, Law 219/1981.

4. With reference to the construction of coal-fired and nuclear thermoelectric power plants, in accordance with Appendix A of the plan, the CIPE on a priority basis establishes the following locations, included among the sites indicated in the above-mentioned Appendix A:

(a) For coal-fired power plants with a total of 6,000 Mw, the regions of Puglia, Calabria, and Lombardy;

(b) For nuclear electric power plants, with at least 6,000 Mw, the regions of Lombardy, Piedmont, and Puglia.

The deadlines for the selection of sites by the regions, as spelled out in Law 393/1975 for nuclear power plants and Law 880/1973 for coal-fired power plants, for the above-mentioned regions, run as of the date of publication of this resolution. The CIPE furthermore invites the interested regions to make their decisions ahead of time so that the pertinent procedures may be started promptly.

As for the remaining plants included in the above-mentioned Appendix A, the regions will exercise their options and will formulate the necessary indications within 6 months from the date of publication of this resolution.

Regarding coal-fired thermal power plants, indicated in Appendix A, this resolution has the effects spelled out in Article 2, paragraph 1, Law No 880, 18 December 1973.

The CIPE urges the minister of industry, as part of his job to watch over the CNEN [National Nuclear Energy Commission], to improve its organization and operations so that it may perform all actions necessary to guarantee the construction and operation of nuclear power plants under conditions of safety for the population and the environment.

The CIPE finally underscores the need for strengthening the relationship of cooperation between the central authority and the system of local autonomous governments and to upgrade the role of the latter in planning regional development and territorial utilization. It therefore considers it necessary to have the national energy agencies to work out agreements with the regions on whose territory energy installations are to be placed so as to include them within the scope of the development plans of the regions themselves.

5. The CIPE urges the minister of industry to promote the initiatives necessary for the maintenance of the timetable mentioned in Appendix B of the plan, seeing to the

desired implementation of the anticipated "standardized blueprint" for PWR power plants. To that end, the minister himself will see to coordination between the ENEL [National Electric Power Agency] (the client and general architect), the CNEN (responsible for industrial promotion and control authority), system industries, component industries (subsystems and components), and Nuclear AGIP [National Italian Oil Company] (the fuel supplier), authorizing the ENEL, even before the final site has been selected, to issue orders for system and component production, so as to enable the nation's industry to plan the actual workload for the next several years on the basis of commitments within the overall program.

6. The minister of industry will make sure that the CNEN, within its own 5-year plan, will carry out industrial demonstration and promotion programs to support domestic industry in the process of actively obtaining the licenses so as to facilitate the coordination of development and experimentation activities and to enable the nation's industry to operate under the best possible conditions of competitiveness.

The effectiveness of the construction of the PEC [fuel element testing] and Cirene reactors is hereby confirmed.

7. Concerning the reception of coal by means of large-capacity vessels, confirmation is hereby given for the objective contained in the plan to build three terminals, respectively, in the Northern Adriatic, in the Northern Tyrrhenian, and in the Southern Tyrrhenian. Regarding the specific site locations, with reference to the assumptions given in Appendix C, the choices and indications of ports will be made on the basis of the cost-benefit studies for the various assumptions, keeping in mind the need for improving the existing infrastructure facilities.

The need for using currently available facilities will vary also regarding the transport vessel, the construction of maritime and river terminals servicing the ENEL power plants, as well as the other civilian and industrial utilities, the creation of storage areas along the coast and inland, and the boost in the unloading and movement capacity of small ports, as well as the adjustment of the internal transportation structures.

For the sake of the above-mentioned objectives, the ministers of the merchant marines and of public works, based on an understanding with the minister of industry and with the other ministers concerned, will submit to the CIP specific operational programs within 3 months after the date of publication of this resolution.

The CIPE urges the minister of industry to see to the drafting of an "annual supply plan and quarterly program" in relation to the utilization of coal by the ENEL, the ENI, and the other national users, and to approve the following strategy directions contained in the plan regarding coal supply:

Long-term purchasing contracts;

Commitment to direct research and production also through possible stockholder participation;

Maximum diversification of geopolitical supply areas.

8. The coordination of the PEN according to CIPE directives is assigned, during the proposal and implementation phases, to the minister of industry who shall also call on the Permanent Committee on Energy which may from time to time be constituted on specific issues by experts from the other government agencies. The minister himself will annually report to the CIPE on plan implementation status.

Confirmation is hereby given for the effectiveness of the authority provided for in the last subparagraph of Point 6 in the CIPE resolution of 23 December 1977 which allows the directorate-general of energy sources under the Ministry of Industry to employ personnel detached from public agencies and/or companies belonging to public groups in order to cope with the requirements springing from the implementation of the national energy plan. Regarding the new and greater tasks assigned by the above-mentioned directorate-general, the contingent of temporarily detailed personnel may be increased up to 100.

9. The directives concerning the programs contained in the PNRE (National Energy Research Plan), as prepared by the minister for scientific and technological research and the necessary coordination of that plan with the national energy plan will be drafted by the CIP on the occasion of the next review of the above-mentioned research plan.

10. Regarding the funding requirements for the implementation of the plan, the minister of industry will, in coordination with the ministries of the budget and of the treasury, within 3 months, submit to the CIPE a financing plan for the 2-year term of 1982-1984, indicating the specific expenditure items and the ways of obtaining the pertinent funds.

The Minister of the Budget and of Economic Planning, Vice Chairman of the CIPE, the Hon Prof Giorgio La Malfa.

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**MONTEDISON'S GAS, OIL RESEARCH ACTIVITY FOR 1981**

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 29 Dec 81 pp 5-6

[Text] The activity report regarding hydrocarbons prospecting by Montedison in 1981 shows positive results. A picture of the situation was drawn early in the month at Cassibile, in the province of Syracuse, by Roberto Casella, director, DISE (Services Division), and by Umberto Giacomelli, in charge of hydrocarbons prospecting. The following is an excerpt from their report.

The hydrocarbons sector of Montedison is in charge of the DISE and is a direct component of the holding company. The man in charge of DISE is engineer Roberto Casella while the hydrocarbons sector is under the direction of engineer Umberto Giacomelli.

The hydrocarbons sector of Montedison is expanding powerfully. The billing volume, which in 1980 came to 60 billion, should exceed 80 billion in 1981, 40 percent of which amount is invested in the search for new deposits. The organizational structure, made up of about a hundred technicians, geologists, and specialized managers, is flexible and is often involved in activities with other companies (AGIP [National Italian Oil Company], ELF [expansion unknown], FINA [expansion unknown], etc.) concerning the prospecting for and exploitation of new liquids and gaseous oil fields. This is a full-cycle activity, including preliminary studies, research, production, transportation, and sales. The Montedison share of the reserves ascertained so far is about 10-12 cubic meters of methane equivalent, which however can be increased considerably due to recent discoveries. The prospecting permits, which the company holds in Italy, number about 80 and cover a surface area of 2.5 million hectares. About a score of wells is dug each year and there are three drills in operation now. Prospecting activities were launched recently in the United States along with other partners.

**Montedison and Methane**

More than 20 years of prospecting and exploration throughout the peninsula have resulted in 120 wells in operation in about a score of deposits for an output of 400 million cubic meters of natural gas a year and with considerable possibilities for increase. The wells are concentrated above all in the strip of the south-central Appennines where, starting with the discovery of Candela (Foggia) which has been in operation since 1965, a vast network of prospecting and extraction has developed, extending all the way to the distribution and sale of the product. The first

worthwhile discovery in the operations of Montedison (at that time handled by Ausonia Mineraria of the Edison Group) goes back to 1963 when a deposit of about 6 billion cubic meters of methane was found at Porto Cannone (Termoli). The most recent discovery involves the deposit at Conegliano, situated in the "Collaito" concession in the province of Treviso where a large accumulation of natural gas with recoverable reserves of about 1 billion cubic meters was identified. Conegliano represents the natural extension of the "Cavalletto" deposit which was identified at that time by Montedison.

In 1981, methane was also found at Serra Spavento (Foggia) which is held to the extent of 50 percent by Montedison while others hold the remaining 50 percent. The producible reserves estimated so far come to about 600 million cubic meters. It is expected that the Serra Spavento deposit will go into production within the strictly necessary technical time frame. Montedison is also participating to the extent of 39.5 percent in the exploitation of one of the biggest deposits of gas found so far in Italy; it is located at Candela (about 20 billion cubic meters). The drilling of the exploratory "Caponegro I" well in the "Cassibile" concession has been underway for about a month.

#### Montedison Commitment to Petroleum

The year 1981 was a very important year for the hydrocarbons sector of the Montedison Services Division because of the results obtained during prospecting operations. In addition to the discovery of natural gas, the investments for Sicilian offshore exploration yielded initial results. This involves the "Vega" field (discovery of a very promising petroleum deposit) and the "Mila" (completion of exploration phase). Drilling operations at the "Mila 1" well, 6.5 kilometers off Marina di Ragusa began in November 1977. The work was assigned to an American company specializing in offshore prospecting, called Global Marine, of Los Angeles, which has operated with the drilling platform vessel Glomar North Sea (later replaced by its sister ship, the Glomar Grand Banks). The first manifestation of hydrocarbons was observed in March 1978 where, at a depth of 3,600 meters (with a sea bottom at 52 meters), a very light oil (37 API) was found; this is superior-grade oil with a low sulfur content. Another five wells were drilled since then and with the completion of "Mila 6" and the pertinent production tests (concluded several weeks ago), the deposit definition and delimitation phase was completed. The "Mila" deposit will go into operation within the technically necessary time frame and it is expected that a fifth platform will be used; other producing wells will be drilled from it and, together with the drillings already completed, they will permit the exploitation of the deposits.

The dimensions of "Mila" are considered worthwhile so as to enable us to assume that, in the near future, along with the other discoveries, the Montedison petroleum output will be able, in energy terms, to equal the output of the company's natural gas; as a matter of fact, within about a year, Montedison will double the volume of hydrocarbons produced (calculated in cubic meters of methane equivalent), increasing from the present 400 million cubic meters to about 800 million cubic meters of methane equivalent.

While the "Mila" deposit is held 100 percent by Montedison, the second initiative, "Vega," which is about 15 kilometers away from the first one, involves participation

with other companies. The drilling work at "Vega 1" was started in August 1980 22 kilometers off Marina di Ragusa where the sea is about 130 meters deep. Commercial exploitation is expected within the shortest possible technical time frame for the entire complex of "Mila" wells; but regarding the "Vega" deposit--where the production tests carried out early this year yielded a very promising picture--it will be necessary to wait for further specific volume determination phases. After completing the operations off Marina di Ragusa temporarily, the ship Glomar Grand Banks moved, in the Channel of Sicily, to a position off Mazara del Vallo (Trapani) where drilling operations are in progress at the "Sirio 1" well. Upon completion of this last exploration phase, the vessel will return to a position off the southeastern coast of Sicily to drill the exploratory "Rosa 1" well off Marina di Noto.



Location of Montedison Deposits. Key: (\*)—drilling operations in progress.

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ENERGY ECONOMICS

ITALY

BRIEFS

ENI-KUWAIT CRUDE ACCORD--An agreement for the supply of crude was concluded in recent days between AGIP [National Italian Oil Company] and Kuwait Petroleum Corporation. On the basis of this contract, the Kuwaiti government agency will supply the ENI [National Hydrocarbons Agency] with 2.5 million t of petroleum for the year 1982. [Text] [Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 29 Dec 81 p 2]  
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## MIDDLE EAST WEEKLY STUDIES TURKISH ENERGY PROSPECTS

London 8 DAYS in English 16 Jan 82 pp 15, 16

## [Text]

THE SOLUTION of Turkey's energy problems is a top priority for the military regime. Last year, energy projects received more funds than any other development sector. Out of a total public investment budget of Turkish lire 667bn (\$5bn), energy projects received TL148 (\$1.12bn) or 22 per cent, even more than industry or infrastructure.

'I won't say that energy has a higher priority than the economy because it is an integral part of the economy,' said former Minister of Energy and Natural Resources Serbulent Bingol in an interview. 'But so far as investment goes, energy has the first priority.' (Bingol was one of four ministers removed from the government on 22 December on the grounds of 'fatigue'. He was replaced by Fahir Ilkel. The other ministries involved were customs and monopolies, health, and industry.)

Turkey is heavily dependent on imported oil, but soaring prices have savaged the country's balance of payments. In 1973, for example, Turkey generated more than 45 per cent of all its power from oil, yet it was still in the black on current account. By 1980, it had reduced its oil-fired generating plant to 29 per cent, but the current account deficit stood at \$2.9bn. The oil bill alone came to \$3.4bn, 20 per cent more than the value of all exports.

Turkey has some oil of its own — in the southeastern Diyarbakir-Gaziantep Basin which borders on the great deposits of the Middle East. However, the Turkish geological structure is highly fractured and there have been no major discoveries.

Current demand is put at 38,356 tonnes a day of which domestic production covers less than 15 per cent. The bulk of Turkish supplies comes from its Arab neighbours: in 1981, Iraq supplied 8.5m tonnes, Iran 3.5m

tonnes and Libya 2m tonnes. In addition the USSR provided 1m tonnes.

Much of the Iraqi supply is paid for under clearing agreements involving Turkish foodstuffs. As the Gulf war dragged on it was feared that the hard-pressed Iraqis might demand cash or reduce the amount on offer, but last August a new deal was struck for 1982 in which the Iraqis pledged a further 8.5m tonnes and promised to purchase \$400m worth of Turkish exports.

The Iraqi oil is delivered via a 980km pipeline from the Kirkuk fields to Ceyhan near the head of the Gulf of Iskenderun. This gives the Iraqis a Mediterranean outlet and consideration is being given to expanding the pipeline from its present 700,000 b/d capacity to 1m b/d. But the discussions have been held up pending the outcome of negotiations about increased transport charges. The Turks reportedly want an increase of over 200 per cent, to \$1.20 a barrel.

In an attempt to reduce dependence on foreign supplies, the last democratically elected government of Suleiman Demirel introduced new licensing conditions designed to make Turkey more attractive to international exploration companies. The government lifted a decree which had frozen the price at which domestic crude could be sold to state refineries at the 1973 level of \$5.21 a barrel and exploration companies were advised that they could retain 35 per cent of their production. The response so far has been limited, though at the end of last October a joint venture between Turkish Petroleum and a foreign firm was reported to have discovered 'highest quality crude' offshore in the Gulf of Iskenderun.

Much interest is also being focused on

new enhanced recovery techniques. Turkey has large reserves of thick heavy crude which cannot be pumped from the ground by normal methods. But if the reservoir is flooded with carbon dioxide, then, theoretically, this sticky oil should flow more freely.

The World Bank has invested \$62m in a pilot project at the Bati Raman field in Anatolia. It currently produces a limited 2,744 b/d but, if the scheme is successful, it could increase recovery prospects twenty fold. Enhanced recovery is also being considered for the Camurlu field which currently produces a mere trickle of 96 b/d but has estimated reserves of up to 4.7bn barrels.

Turkey has abundant lignite resources but their calorific value is so low that hydro-electric dams currently take priority in construction schedules up to the mid-1990s. These become less cost effective as dam costs begin to increase and generating load factors decrease in a ratio which will eventually make lignite fired thermal plant more competitive.

Turkey has the highest hydroelectric potential in Europe after Norway but to date installed capacity totals only 2,131MW in nine power dams. The state Water and Hydraulics General Directorate (DSI) have further nine dams under construction, with designs completed for seven more, and is in the final stages of drafting plans for a further dozen. But all its projects have been disrupted because of Turkey's continuing economic crisis.

The military regime is concentrating much of the funds available for hydroelectric development on the Firat (Euphrates) River. This is being accomplished in three stages. Work commenced in 1974 with the construction of the Keban Dam (1,200MW) northeast of Malatya. It cost \$85m, a paltry sum at today's prices, but, even so, only half the turbines were installed. The military government says it plans to install the remaining four 150MW

generators this year.

The second site, 186km down river, is Karakaya (1,800MW), a joint venture between DSI and Italian contractors. It is estimated to cost \$500m. The civil works contracts were awarded in 1976 before a loan had been secured for the foreign currency requirement and, because of the country's exchange crisis, DSI was unable to meet payments. Work virtually ground to a halt while claims were settled and the project is now running three years behind schedule.

The last stage, a further 180km downstream, is the Ataturk site (2,400MW). It would be one of the five largest dams in the world and cost nearly \$4bn. In July 1980, a protocol was agreed between DSI and a foreign consortium in which the civil works contractors were to be Wimpey International of the UK and Hochtief of West Germany.

According to a spokesman for the DSI, negotiations for the electromechanical supply were effectively completed but the civil contractors have not yet been able to come up with the financing, thus putting the protocol in question.

With 1981 being the centenary year of Ataturk's birth, the military regime was anxious to secure some progress on the project and present the country with a symbol of national development. Towards the end of the year \$46m worth of contracts for diversion tunnels were awarded to a local firm, Dogus Construction, a subsidiary of the Istanbul-based Dogus Investment. The financing will also come from Turkish sources, and the work is due to be completed in three years' time.

Meanwhile a substantial proportion of the country's population continues to rely on the traditional sources of wood and dung for its fuel. According to official estimates, nearly 15 per cent of Turkey's primary energy comes from these sources.

**VOLVO CHIEF GYLLENHAMMAR VIEWS NORDIC ECONOMIC POTENTIAL**

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 81 p 18

[Article by Kermit Norlund and Bent Bjorn Christensen]

[Text] Goteborg--Pehr Gyllenhammar, chief of Volvo in Goteborg which has become one of the biggest industrial enterprises in northern Europe says that the Nordic lands after a maturing process through the 1980's could emerge as a "bloc" that could play an important role in Europe.

Close Nordic cooperation is not something from the past but part of the future. With the proper use of the 1980's as a decade of maturation the Nordic lands could enter the 1990's as a "bloc" which in contrast to today could play an important role in Europe. But it's no good taking small steps forward. A big step must be taken forward--and it should be done all at once.

Volvo chief Pehr G. Gyllenhammar received BERLINGSKE TIDENDE's reporters during a break in the visit of the Chinese leaders to the automobile center in Goteborg. He is ardently enthusiastic about the Nordic cause and does not accept the idea that it's hopeless because Denmark, for example, has chosen to affiliate itself with EC.

Gyllenhammar is protected from the outside world to a degree worthy of a chief of state. A special key is used to open the elevator to the industrial leader's floor and during the ascent until one arrives in the "inner sanctum" the visitor is followed by the discreetly-placed video camera that transmits the movements of guests to the guard in the front office.

The main office in sterile white and accented with turquoise colors doesn't really harmonize with the warmth displayed by the head of the concern when he talks of his visions of the Nordic region of the future. But at the same time his statements prove it is no accident that Pehr G. Gyllenhammar's antique engine room telegraph is set at "full speed ahead." That's just the way he is--the most successful and admired industrial leader of the Nordic region who tried in his conversation with BERLINGSKE TIDENDE--using the same arguments used by Jean Monnet when EC was being formed--to create a climate for a viable Nordic understanding of the value of interaction.

"One must look at this with enormous impatience. For reasons of convenience people focus on the obstacles to a stronger Nordic cooperation instead of coming to grips with the problems. Many institutional obstacles are brought up but in my opinion they are not substantial. We know that Denmark has a large part of its administration in Brussels instead of in Copenhagen but what difference does that make? The Common Market cannot have anything against a strong economic and political northern flank. It would also strengthen security."

Pehr Gyllenhammar summarized a number of quite concrete cooperation proposals--as shown elsewhere in the article. They are all based on the philosophy that the Nordic lands can mutually complement each other so that in his view there is every reason for a very heavy integration of trade, industry, agriculture, the fishing industry and utilization of energy resources. The obstacles must be sought in the political and psychological realm--in feelings that overshadow common sense.

"The Danish bogeyman of Swedish business life is partially wrong but the concepts of massive regulations, state influence and controls are part of the imaginary barriers to Nordic industrial cooperation. If one takes into consideration the fact that for more than 44 years Sweden was under Social Democratic rule there is surprisingly little regulation. We carried out the Volvo-Beijer merger--something that would hardly have been possible in the United States. The Swedish industrial affairs minister was a little shaken by the size of the deal but it did go through."

Then it's not that difficult to be a Swedish industrial leader today?

"It doesn't really seem so to me but one must be careful not to mix things up. Regulations are quite modest in Swedish society with regard to firm activities but they are quite extensive when it comes to individual activities.

"We have co-determination laws and security provisions that are in conflict with conditions in the other Nordic countries. This can sometimes make it hard to run a business in Sweden. On the other hand the conditions for showing initiative are quite good in Sweden. We have had a structural change in the business sector that has led to firms that are very large. I think that might be a contributing factor in a certain amount of anxiety. The problem is seldom mentioned because people don't like to reveal their fear of power. The fact that the list of the biggest Nordic firms is dominated by Sweden could be an obstacle to Nordic cooperation. People are afraid of Swedish domination--afraid of losing their independence."

Would Nordic cooperation lead to Swedish conditions with enormous enterprises?

"No, of course not. If one looks at economic life in the world a combination of big and small businesses is the basis of a good economy. On the other hand one has to realize that in the transport industry, for example, a 'small business' cannot survive. The Swedish and American steel industries were knocked out by Japan because they did not achieve sufficient volume quickly enough. We have

seen something similar in the shipbuilding industry. Take Burmeister & Wain, for example. One must either find a niche or concentrate on volume."

Pehr Gyllenhammar engaged in a speculative experiment with the BERLINGSKE reporters. Based on the point that all of the Nordic lands by and large support the same branches of business in the hope of stronger development, he said:

"Just think what resources would be available if these measures were carried out on a Nordic scale. We could try to start and stimulate several Nordic businesses--not necessarily with state funds although that would be possible too. Via tax provisions a stimulus could be provided by granting tax credits, for instance. Or one could channel some of the economic resources already being used into something for the entire Nordic area."

The Volvo chief is a fervent advocate of strong coordination of legislation in the Nordic countries. He would prefer people to reach the point where they could talk about Nordic firms without having to pinpoint their nationality.

"It's fine for them to recommend it too but industrial federations can never create a new development. They can point out the problems and make suggestions but in the nature of these things they will always express the lowest common denominator."

Then in your opinion Nordic industrial cooperation should be the result of private initiative?

"At any rate those making the proposals must have their hearts in it. If the ideas come into the world on a collective basis the controversial aspects will be cut away--all the peaks will be evened off with the result that one is left with a project no one wants to take credit for or carry out."

Pehr Gyllenhammar, who calls himself a stubborn opponent of the support philosophy of Swedish industrial policy, said there is a natural explanation for the fact that there are currently around 150 Norwegian-Swedish industrial projects but almost no Danish-Swedish ones.

"The Norwegian oil and gas finds have provided a new and natural stimulus--a growth industry--that is attractive. The same could happen in Denmark when the oil starts coming in from the Danish part of the North Sea but it depends somewhat on how the state administers and controls the revenues it gets from the oil and gas."

Is Volvo interested in going in on explorations in the Danish part of the North Sea?

"Yes, if we find we are welcome among other competitors, we would be interested. We don't need any gilt-edged guarantees that we are especially welcome but after the exhausting conflict over who will have access to the Danish continental shelf it would be nice to have a clear policy and a signal that Nordic--Swedish--firms are welcome to take part in the competition."

Could it be a small start toward joint Nordic cooperation if Danish firms go in with Volvo, for example, on explorations in the North Sea?

"In a country that can't offer its workers more in wages right now, profit sharing sounds like a natural idea but one shouldn't move too fast on this issue. [as published]

"Our political systems are completely alien to implementing reforms. Once something is set up it remains there immovably and one is forced into new forms that are tacked on. Suddenly these phantom structures can no longer develop. There is much to suggest that our political system goes 'dead' when there is no longer any growth and this spawns structures that are more and more weird."

#### Nordic Visions

Volvo's top leader Pehr G. Gyllenhammar presented a number of concrete visions that involve Denmark. Here is a sampling:

1. Make Denmark and Skane the joint "larder" of the Nordic region and eventually phase out agriculture in the rest of Sweden, Finland and Norway.
2. Build a highway between Oslo and Copenhagen via Goteborg with a tunnel between Helsingor and Helsingborg.
3. Build a gas pipeline from the North Sea to Bergen, Oslo, Goteborg, Copenhagen, Stockholm, Helsinki.
4. Denmark has a unique level of internationalization. Concentrate Nordic trade functions with the West in Copenhagen and create an axis to Helsinki with a center there for trade with the East.
5. Create a joint Nordic university for business administration and education in the energy sector instead of having each country provide its own education.

Gyllenhammar also has ideas about development of and distribution of work among the other Nordic lands. The Volvo chief indicated a list of wishes concerning coordination of laws, aid to developing countries, education, etc. He said the Nordic region could be a center on an international scale with regard to energy development and energy distribution, a world center for forestry and steel development, a regional European center for the shipyard industry and a development center for the plastic and magnesium industry.

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CSO: 3106/48

**FINANCE MINISTRY CLAIMS 'CREDIT SQUEEZE' SUCCESSFUL**

Nicosia CYPRUS MAIL in English 29 Dec 81 p 1

[Text]

THE Finance Ministry document explaining government credit policy for 1982 explained that, thanks to the credit squeeze measures, the current account deficit (which in June last year stood at £104 million), was reduced to £63 million in the following 12 months and the rise in the retail price index (which reached 16% in the early part of the second quarter of 1980), was reduced to around 10%.

But, the Ministry said, these money credit measures have also had some adverse effect on investment and on productive activity in general.

This is explained by the fact that commercial banks have not exhausted the lending limits they had and did not fully use the Special Fund for the financing of priority sectors set up at the Central Bank.

Now, with the new conditions, the credit ceilings for Bank advances to the private sector are abolished and the policy of fluctuating liquidity ratio is re-introduced.

But ceilings are maintained for import trade and personal loans.

The banks are allowed more

flexibility to finance priority sectors which are now expanded to include investments in public transport, erection of dwellings by people who have no self-owned house, tourist establishments in addition to hotels and restaurants, fuel saving investments, purchase of machinery for the building sector etc.

These measures, the Ministry said, together with the other measures for restraining rises in prices and incomes now under consideration in the Economic Advisory Committee are expected to have beneficial effects in the effort being made to deal with the problems facing the Cyprus economy, the Ministry said.

CSO: 4600/221

## REPORT PROVIDES FIGURES ON MERCHANT SHIPPING

Nicosia CYPRUS MAIL in English 31 Dec 81 p 1

[Text]

**S**HIPPING can give a new dimension to the economy of Cyprus and the geographical position, the excellent telecommunications, the high educational standard of Cypriots and an efficient government machine can contribute positively in this direction.

The above is an extract from the first annual report of the Department of Merchant Shipping for 1980 by the Director of the Department Mr S. Serghiou.

It shows that at the end of the past year there were 1233 ships with a total gross tonnage of 2,086,392 in the Cyprus register giving direct revenue of just under half a million pounds (£427,486) to the government.

But, Mr Serghiou says, the direct revenue is only a fraction of the total revenue and the intangible benefits to the Republic which accrue from the Cyprus Register of Ships.

The fees of Cypriot legal representatives for shipping companies, accountants' fees, charges paid to the Cyprus Telecommunications Authority for services, and remittances by Cypriot seamen, are items which cannot be easily estimated. But the total sum must greatly exceed the direct revenue, it is explained.

A significant number of Cypriot ships is managed by companies established in Cyprus, employing local personnel.

These companies are not only an important source of income for Cyprus, but also aid the transfer of technology, know-how and experience

for merchant shipping, the report says.

**Foreign Revenue**

An important fact is that almost the entire revenue from shipping, both direct and indirect, comes as foreign exchange, it says.

The efforts of the Merchant Shipping Department, the report declares, are not confined to increasing the direct revenue of the government, but to increasing the total revenue.

This is done by establishing more local shipping and ship-management companies and encouraging more Cypriots to join merchant shipping trades.

The report notes that although an island, Cyprus lacks a maritime tradition.

Ignorance of shipping matters leads undue emphasis to the risks of a nautical profession and parents generally discourage their children from going to sea.

The high employment rate which prevailed before the Turkish invasion and after 1977 has been important in preserving this situation.

But, despite these problems there are very good prospects for the employment of youngsters on Cypriot ships, says the report, and notes that

there are more than 70 ocean-going ships in the Cyprus Register.

### Safety

The report says that one of the most serious problems occupying the attention of the Department is that of safety.

A significant proportion of Cypriot ships are over 20 years old, leading to increased risks.

That is why the government has imposed an age limit of 17 years on the new registration of ships.

During 1980 there have been 24 serious accidents in which three seamen lost their lives and three were seriously injured.

But Cypriot shipping companies and ships have earned recognition for an exemplary contribution to improve maritime safety.

One recent example is the Cypriot ship Lloyd Virginian, owned and managed by Cypriot companies. It was awarded a Certificate of Achievement by the U.S. Coast Guard in recognition of outstanding participation in the Automated Mutual Assistance Vessel Rescue system last year.

Also new legal measures are being considered, aimed at increasing the effectiveness of

Cypriot government officers in enforcing existing safety laws and regulations.

A new tax structure is under consideration to encourage the registration of new large ships.

### New measures

The report mentions that measures are being considered to encourage investment in shipping by Cypriots.

Emphasis is given to measures which will encourage the formation of joint ventures with foreign shipping concerns to assist the transfer of technology and experience in merchant shipping.

This will ease financing the Cyprus-based shipping companies.

Moreover, a feasibility study to establish a national shipping company, which will serve the sea trade to and from Cyprus, is under preparation with the assistance of UCTAD (U.N. Conference on Trade and Development).

The report says that accelerated training programmes for seamen which started in 1975 continue and says:

It is the trained Cypriot marine officers and ratings who will ease the transfer of technology, experience and investment to Cyprus.

CSO: 4600/221

**SOCIALISTS IN FAEROE ISLANDS WARN AGAINST DRIFT TOWARD EC MEMBERSHIP**

Copenhagen INFORMATION in Danish 30 Dec 81 p 5

[Commentary by Ulrik Gras]

[Text] EC supporters in the Faeroe Islands keep a low profile in confidence that developments will make the island community an independent EC country, according to Faeroese socialists.

In connection with Denmark's admission into EC there were also forces on the Faeroes working for joint Faeroese entry along with Denmark--or for Faeroese entry as an "independent" member land.

A large part of Faeroese fishing took place in EC waters and it was there the biggest and most expensive ships were fishing, namely the part of the Faeroese fishing fleet known as the seiners, whose main objective was industrial fish.

Thus the shipowners, big capital--a blend of banks, shipping firms and other business firms--had an objective interest in joining EC--but outwardly they kept remarkably quiet about it. This was done out of a realization that they were confronted with a very strong popular opposition movement. In reality it was so strong that politicians avoided talking about Faeroese membership and it never came to a popular referendum on the issue. It was said that 80 percent would have opposed Faeroese membership. The opposition was organized as a popular movement with local groups on all 18 islands and there were local groups even in the smallest settlements. People in all camps were opposed regardless of political or religious affiliations. Whole parties opposed membership as a bloc, while others adopted a wait-and-see attitude, among them the Union (with Denmark) Party [a moderate liberal pro-Denmark party]. But one could read between the lines in the party organ, DIMMALAETTING (with the poetic name of "Daybreak")--the biggest daily paper on the islands with around 11,000 subscribers--that the party favored membership. However this never came to "official expression" in an editorial.

FS--the Faeroese Social Democrats [a moderate socialist home rule party]--came to the conclusion that "big capital was held in check--even in its own newspaper (DIMMALAETTING)." The arguments for remaining out of EC were in part nationalist in character with a desire to preserve spiritual sovereignty and in part based

on a determination to protect domestic fishing and expand it while keeping some control over the fish population.

The Faeroese socialists believe supporters of EC membership for the Faeroe Islands had a strategy from the beginning and FS felt it had a duty to expose it. At a very early date FS was aware that the way fishery developments were going in the Faeroes they would be forced--somewhere down the road--to join EC as a matter of economic necessity. And that was exactly what the supporters of EC had foreseen and that is undoubtedly why they could keep a low profile on the question of membership. It would come as a matter of course unless developments in fishing changed direction.

The Faeroese socialists maintained and proved that the most capital-intensive part of the fleet--the seiners referred to above--had a need to operate in EC waters and as long as developments went in the direction of expanding the seiner fleet the Faeroes were steering a direct course for EC membership. If this was to be prevented developments must not only be averted--halted--but also "turned around" with a restructuring of the fleet. Instead of expanding industrial fishing (and now the shrimp fishing that is bringing in lots of money) emphasis should be placed on local fishing with efficient types of boats and there would have to be supervision and controls with regard to the fish population. A radical change would remove the immediate EC fishing profits from the larger types of vessels and in the long run this would create a basis for fishing that would benefit the entire society.

And just how did things work out, ask FS members who reply that local fishing has grown but not to the extent that one can talk of a shift in development that can hold its own with EC.

FS people continue that capital can always come in by the EC fire if barriers are placed in the way of domestic fishing and that is exactly what is expected. That could be the reason why in political circles--the Faeroes have leaned to the right--they have avoided connecting control measures with selective support for domestic fishing. Now a new opportunity has opened up with the discovery of big shrimp stands off the Faeroes and many Faeroese fishermen have expressed an interest in this area. That is why EC is reacting so restrictively.

The Faeroese socialists conclude that developments are heading in the direction they warned about and this also applies to exports. The initial policy meant that EC's share of Faeroese exports has grown from 40 percent to 75 percent, while in the same period there has been a sharp decline in the share of other markets, not least the American market.

This means that the Faeroes are in the pocket of EC which ultimately--or more accurately whenever EC decides the time is ripe--can raise a threatening finger. Either join us or face total ruin! The Common Market has some power behind such a threat if for example it raises its duties on Faeroese exports from the present 3-4 percent to 20 percent.

And that is exactly what many EC opponents fear since they can see how EC along the way has tied Faeroese exports to the European Community. The people of the Faeroes have pursued a policy that has made them dependent. They did not become EC members and they didn't get any long-term binding agreements with EC. They got a so-called trade arrangement with a number of "running" agreements on duty rates on fish products in connection with quota agreements on mutual fishing in one another's waters. That can turn out to be a trap. As an alternative to EC the Faeroese socialists point to an expansion of North Atlantic cooperation. Steps in that direction--though this was only a small beginning--were taken recently when the Faeroes entered into a trial agreement with Greenland on fishing for 30,000 tons of capelin off the coast of East Greenland.

The Faeroese socialists regard themselves as the only organization on the left wing in Faeroese politics. They used to be affiliated with the Republican Party [an extreme, populist socialist secession party] as a faction but at a party congress in 1969 it was decided that FS members could not be members of the Republican Party. Since then FS has tried to maintain some of the basic ideas of Social Democracy just as FS tries to force the Republicans toward the left.

6578  
CSO: 3106/48

**BRIEFS**

CONSTRUCTION STARTS DOWN DRAMATICALLY--In all 19,600 new housing starts will have been made in 1981 according to the latest forecast from the Artisans' Council. That is a good 1000 less than in 1980 and around 10,000 less than in 1979. Director Bjarne Hastrup of the Artisans' Council estimates that the need for new housing in the years ahead will lie between 25,000 and 30,000. "And since we are not expecting a rise in home construction in 1982 this means that in just 3 years we will have a 'deficit' of around 15,000 new homes," he said. Against this background Bjarne Hastrup proposed that more housing starts be made as soon as possible, preferably as early as 1 January 1982. "That would probably also remove the tension from the situation that could arise a year from now when the improved international markets have an impact on Denmark. The building sector has a slow adjustment capacity and if suddenly a lot of construction has to be accomplished quickly it could lead to both price and wage increases. We can avoid that if we step up housing construction now," said the director of the Artisans' Council. [By Merete Wilkenschmidt] [Text] [Copenhagen BERLINGSKE TILENDE in Danish 27 Dec 81 p 2] 6578

CSO: 3106/48

**BRIEFS**

**SVETOGORSK EXPANSION AGREED**--It is evident that Finland will receive the contract for the additional phase of construction at Svetogorsk. According to Doctor Ahti Karjalainen agreement was reached on the issue in negotiations in Moscow and the competition between three contractors will be resolved in the near future. The question concerns the so-called III b phase of Svetogorsk, which in addition to industrial construction also includes municipal construction for the first time. The contract will include 13 apartment buildings, a 200-room hotel, two kindergartens, and approximately 300,000 square meters of industrial facilities. In addition, the package will include municipal engineering work in the area of Svetogorsk. Two consolidated firms made up of construction enterprises are competing for the contract in addition to Finn-Stroi. Rakennus-Ruola from Turku and Mattinen-Niemela from Tampere are behind Matrac. Oveco is made up of eight medium-size enterprises from various parts of Finland. On Thursday Finn-Stroi's Managing Director Risto Kangas-Ikkala conducted negotiations in Moscow and Oveco's Managing Director Martti Suomalainen conducted negotiations in Leningrad. It is estimated that the final sum of the contract will be between .5 and 1 billion, however, closer to .5 billion. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 8 Jan 82 p 22] 10576

CSO: 3107/52

## BRIEFS

EEC FARM SUBSIDIES--The Agriculture Minister of the former government, Mr. Athanasios Kanellopoulos, in a statement last night said that the Agriculture Minister of the PASOK government had admitted that Greek farmers are entitled to 24 billion dr. to be paid by the European Economic Community, despite the fact that in the past his government had stressed that the New Democracy government had delayed paying to farmers the EEC subsidies it had already collected from the Community for 1981. Mr. Kanellopoulos added that in 1982, thanks to the efforts made by the New Democracy government, Greek farmers will be entitled to collect from the EEC 48 billion dr., which is exactly the sum he himself had inserted in the relevant budget. So, he said, the new government should not be complaining about Greece's accession to the Community, when such sums are pouring in as subsidies to farmers. [Athens ATHENS NEWS in English 19 Jan 82 p 9]

FLAG FLEET TONNAGE--On 30 November, Greece's marine numbered 3,908 vessels of a total of 42,598,867 GRT, compared to 3,950 vessels totaling 41,164,445 GRT a year earlier. In the course of the 12 months beginning 1 December 1980 the country's merchant marine fleet declined by 42 vessels but gained in tonnage (a total of 1,434,422 GRT)--through the registration of 321 new vessels against 363 vessels removed from the Register. At the same time, Greek-owned ship flying foreign flags but with crews insured with the Seamen's Pensions Fund numbered at the end of November 463 of a total 8,087,768 GRT. Merchant vessels flying the Greek flag at the end of November included 2,736 freighters of 25,831,998 GRT, 542 tankers of 15,962 GRT, 362 passenger ships of 719,212 GRT, and 278 various other vessels of 85,539 GRT. [Athens ATHENS NEWS in English 14 Jan 82 p 9]

CSO: 4600/220

**CAMPAIGN TO LOWER INTEREST RATES ALLEGED**

Istanbul, GUNAYDIN in Turkish 25 Dec 81 p 5

/Text/ Following the inflationary demand created by a group of industrialists accustomed to high profits during the period of high inflation, certain organizations yesterday initiated a campaign to lower interest rates which have been naturally high as the result of the government's tight money policy.

Nuh Kusculu is President of the Istanbul Chamber of Commerce. While he considers the government's economic policy to be positive, he is asking for a solution to high interest rates. He said : "We are expecting interest rates to be pulled back in parallel to the drop in the rate of inflation."

Nuh Kusculu stated that enterprises had lost the balance between internal and external sources of credit. He said : "Interest rates may be pulled down by eliminating certain tax rebates or exemptions, the regulation of additional deposits on a flexible and structured basis, the removal of any obstacles standing in the path of competition and the assessment of interest on commercial credits."

In a statement made yesterday, the Chairman of the Steering Council of the Bursa Chamber of Commerce and Industry, Ali Osman Sonmez, called for a reduction of interest rates. He said : "Financial setbacks have been suffered by all sectors as the result of an improperly adjusted tight money policy and the increase in interest rates. Nevertheless, we certainly do not support a return to the past or an inflationary economic policy. Yet, as policies; improperly adjusted tight money and in particular the credit policy will lead to a drop in production and will adversely affect our imports. To prevent this, our government in particular should support our small

manufacturers, exporters and producers through low interest rates." Sonmez added that in connection with this matter the chambers of commerce and industry have been called to participate in a joint meeting in Ankara. A report prepared by the Tarsus Chamber of Agriculture claims that our ability to compete in foreign markets has been lessened as the result of high interest rates. The report has called for a re-evaluation and reduction of interest rates in agricultural loans.

9491

CSO: 4654/116

**BANK-BROKER CONFLICT REPORTEDLY INTENSIFIES**

Istanbul GUNAYDIN in Turkish 7 Jan 82 p5

/Text/ Since 1 January 1982 banks have been computing interest on a monthly basis. In response, brokers have begun to compute interest on a daily basis. This has once again intensified the conflict between bankers and brokers. Bank general directors who are opposed to the practice have asked the Finance Ministry to prevent the brokers from computing interest on a daily basis.

In a statement, Yapi Kredi Bank general director Halit Soydan said the following:

"Up to this day the investment market has been regulated only in an administrative sense. It is now time to proceed with financial regulation. Brokers should also be placed under financial obligations. Brokers should be placed under the financial obligations that apply to banks."

"Ozer Ciller who is director general of the Istanbul Bank defended the following viewpoint :

"The practice of computing interest on a daily basis can lead to significant shortcomings. Savings that until now could be withdrawn only upon the expiration of a specific period of deposit, will now be subject to withdrawal on a daily basis. One day, this situation will force brokers to shoulder a burden which they are unable to carry. The Finance Ministry must act without fail against the practice of computing interest on a daily basis."

Bagbank General Director Dincer Turgay said the following:

"Brokers initiated the practice of computing interest on a daily basis for the purpose of competing with banks.

In general, this practice is beneficial to savings that are destined for investment. What remains to be seen however, is whether brokers are going to be able to shoulder this burden. As far as we can see, the organizations that have begun to compute interest on a daily basis are of a kind that could conform to the Law for the Investment Market and remain in business."

Cevher Ozden who is chairman of the board of directors at the Banker Kastelli brokerage firm replied on behalf of brokers and said the following :

"There are no shortcomings in the investment market. The market has been cleansed and only strong firms remain in business. Regardless of what may come, all new regulations will be complied with."

9491  
CSO: 4654/116

**INTEREST COUPON-DEPOSIT CERTIFICATE SPLIT ORDERED**

Istanbul TERGUMAN in Turkish 18 Nov 81 p 5

[Article by Mursum Alev]

[Text] Ankara--A Ministry of Finance decision that went into effect upon publication as a notice in yesterday's RESMI GAZETE rules that "banks cannot issue interest coupon-deposit certificates, and certificates cannot be marketed through brokers." The decision also states that certificates will not be able to be marketed through other third parties. While the decision came as a surprise in some circles, the topic of brokers' advertisements was again brought up.

Although Ministry of Finance officials with whom we spoke avoided making a statement or explaining the reasoning behind the decision, Central Bank officials reported that the "reasons for the restrictions are not sufficiently understood, and, because of this, it is difficult to make a decision as to how regulations regarding brokers' advertisements are to be changed."

**Ministry of Finance Notice**

In the meantime, the Ministry of Finance asserted, in the notice published yesterday afternoon, that procedures that were followed to date had caused aberrant developments in the financial sector. The notice published by the ministry reads as follows:

"As is known, the function of accepting deposits was given exclusively to banks by Banking Law No 7129 and to various other organizations by special laws. Deposit certificates were also subject to savings deposit statutes and were given to citizens in exchange for money they had deposited. Up until now, deposit certificates were widely issued as interest coupons, and documents for the principal and interest coupons were marketed separately by persons who engage in this type of trade, creating aberrant developments in the financial sector. Furthermore, the marketing of these certificates by banks and through the hands of brokers and other individuals and institutions had a negative effect on the development of a capital market in the true sense of the term.

"Notice No 9, which was published in the 17 November 1981 issue of the RESMI GAZETE, concerns only banks. This notice prohibits banks from issuing interest coupon-deposit certificates in order to eliminate and to rectify existing irregularities, and it prevents these certificates from being marketed by banks or through brokers or any other third party. Because deposit certificates are valuable documents in the stocks and bonds regulations and because they are written out to the bearer, it is natural that they would be bought, sold, and transferred by citizens."

#### What Will Happen?

Officials reported that deposit certificates issued and marketed through 16 November will continue to be valid until their terms expire. They said:

"However, from this date henceforth, there may be no separate interest coupons for certificates that are issued. Therefore, payments at the end of the term will consist of both the interest and the principal."

#### Varied Reactions

Meanwhile, the Ministry of Finance notice was met with a variety of reactions from banks and brokers. Officials of large banks such as the Agriculture Bank, the Business Bank, and the Real Estate Credit Bank stated that they were pleased to hear of the decision, and a high-level official of the Agriculture Bank said, "With this decision, our bank is no longer obligated to follow the practice pursued to date. It approves the decision." Administrators of the Business Bank and the Real Estate Credit Bank stated that they had strived to date to keep the deposit certificates they had issued themselves away from brokers and that they printed a deposit certificate as a single copy together with the interest coupon. They said, "Nothing will change for us. The persons responsible for the decision are those at the banks that insisted upon marketing certificates through brokers."

#### Will Customer Be Tailed?

A bank director general who met with criticism for selling interest coupons separate from deposit certificates gave his views with the stipulation that his name not be released. He said:

"It was the aim of the government when it first did something about issuing deposit certificates to put into the economy the money normally hidden under mattresses. As a matter of fact, about 100 billion liras are presently circulating on the market as deposit certificates. Because certificates are now made out to the bearer, it is not possible to be sure at any time where they go after they are sold by a bank. The only way to be sure would be to have a policeman tail the customer.

"Another aspect of the issue, to require that a name be written on the certificate, contradicts the government's policy, means that the system of

obtaining the 'money from under the mattress' that we mentioned before has been abandoned."

#### Kastelli's Views

Meanwhile, Cevher Ozden, owner of the Kastelli Brokerage Firm, obtained the views of the published notice from our newspaper. He said:

"We respect every decision made by our government. However, when making various decisions, officials are obliged to detect and correct defects. We are working together with a government that seeks the development of a capital market, and we consider it a duty to assist the government through the difficult times the economy is experiencing. However, the decision on the topic of deposit certificates is one that destroys the validity of the time when they were purchased in accordance with the rules of a free market economy. Henceforth, we will be unable to purchase deposit certificates on a global basis from banks, but this function will be carried out by thousands of other persons. Now, if people bring to us the deposit certificates they have purchased, what will happen?

"Another article of the notice I find positive. It was an appropriate decision to remove interest coupons from deposit certificates. If we possess securities in sufficient number, then we prefer to sell securities. In other words, we do not push the sale of securities aside and do business only in deposit certificates. However, it can be seen that neither the securities market nor the shares market is sufficiently lively.

"The deposit certificates we have sold to date are equally valid and have never lost their validity."

Following publication of the Ministry of Finance notice in yesterday's RESMI GAZETE, several brokerage firms announced that they are no longer marketing deposit certificates and that they will increase their interest rates.

BORSAS Brokerage Firm Administrative Council Chairman Sezer Ozkay said:

"I do not wish to interpret the notice. However, we will, henceforward, concentrate our efforts on securities and shares and not on deposit certificates. In the meantime, we wish to announce that, in the days ahead, we will increase by a few points the interest rate, which is currently a net 60 percent per year."

The Erdem Financing Organization gave a one-sentence statement of the views of its administrative council regarding the notices:

"The notice does not concern us as the decisions reached were taken for banks."

**Brokers' Advertisements**

It was learned that principles that will be used in brokers' advertisements will be redefined following publication of the Ministry of Finance notice in the RESMI GAZETE.

Although not yet official, Central Bank spokesmen say that brokers will not be able to use statements such as, "We market banks' deposit certificates," in advertisements, but may say, "We buy and sell certificates."

11673

CSO: 4654/70

**ENVISIONED IMPORT, EXPORT TARGETS FOR 1982 CITED**

Istanbul TERGUMAN in Turkish 25 Nov 81 p 5

[Text] Following completion of technical studies, the initial draft of the 1982 program was submitted to the National Security Council for its opinion at a briefing last week. It is expected that the draft will be sent to the Advisory Assembly by the evening of 30 November and will then begin to be debated.

Officials reported that, when the 1982 program was prepared, accurate estimates and figures were used and that "it will not be difficult to reach the reasonable goals set for the year."

According to information that was obtained, the program foresees a \$5.6-billion volume in exports for 1982 and imports of \$10 billion. The predicted foreign payments deficit for 1982 is \$1,610,000,000.

It is asserted that the spirit of "liberation" for imports that exists this year will continue to be fostered in the 1982 program, which seeks to create during the year an "Export Development Center" that will be affiliated with the Export Credit Insurance Organization and the prime minister's office. Despite "liberation," it is claimed, imports will still remain below those of 1976, which totaled \$12 billion at today's prices. It is noted that structural change in the program for exportation has reached large proportions and that exportation will be strengthened even further by export credit insurance and the Export Development Center. It is pointed out that "foreign trade relations with Middle East nations are gradually growing, replacing those of past years with the West, and Iraq will soon take the place of West Germany in our foreign trade."

**Petroleum Imports**

Other goals proposed in the program are, in summary:

Again, the largest portion of 1982 imports will consist of petroleum and petroleum products. Projected imports of crude oil valued at \$3.5 billion and petroleum products worth \$800 million result in the oil bill's amounting

to \$4.3 billion. Furthermore, imported goods for the chemical industry will total \$1.2 billion, and this, for the most part, will consist of chemical fertilizer. The importation of machinery will cost an estimated \$1.4 billion.

#### Energy, Transportation

An appropriation of 988,660,000,000 liras is set aside for investments in the 1982 program. A large part of this (23 percent) will be used for energy investments. With energy investments completed in 1982, it will be possible to obtain additional energy totaling 1,900 megawatts.

Because foreign credit could not be secured this year, appropriations for a nuclear power plant are not placed in the program, but it is stated that this is only omitted "for now." The appropriation in the program for the power plant to be constructed at Akkuyu includes only the infrastructure. If foreign credit can be obtained during the year, other investment appropriations will be added.

#### Railroad Investments

Among the transportation investments, those for the railroad receive the largest share. A total of 25 billion liras is set aside for railroad investments and does not include construction for the TCDD [Turkish State Railways].

Furthermore, an appropriation of 6,270,000,000 liras is made for railroad communications within the Ministry of Public Works. Although there is absolutely no investment appropriation for the railroads, 56 billion liras are earmarked for the Railroad Directorate General for the maintenance and repair of existing railroads.

A large amount of money is set aside for communications in the 1982 program. Another 195,000 lines will be added throughout Turkey to the telephone network and 10,000 new lines, to the Telex system.

#### 1982 Budget

The 1982 budget, which totals 1,891,000,000,000 liras, gives more emphasis to tax collection than to assessments and has more functional and realistic characteristics than budgets of past years.

11673  
CSO: 4654/70

## BRIEFS

TRADE DEFICIT PROJECTION FOR 1982--Turkey's import bill for 1982 could reach \$10bn, compared to \$8.8bn last year, Trade Minister Kemal Canturk announced last week. Though the 1981 figures are not yet available exports last year are expected to have reached \$4.5bn, exceeding the \$3.5bn target. Despite the yawning trade gap these statistics suggest, Deputy Prime Minister Turgut Ozal remains optimistic: in 1982, he said, Turkey would be close to its objective of total economic independence--and this would be realised in 1983. Canturk said that 1981 had been a very successful year for the Turkish economy. Gross National Product, he projected, will grow by 4.4 percent in 1982. [Text] [London 8 DAYS in English 16 Jan 82 p 44]

TURKISH-LIBYAN SHIPPING COMPANY--Turkey and Libya have established a joint shipping company to facilitate the transport of Turkish goods to Libya. Turkish Cargo Lines, a state-owned freight company, said that 51 percent of the joint establishment was owned by the Turkish concern and the rest by the Libyan Arab Foreign Investment Company. The company, which has a capital of \$40m, also plans to initiate a passenger service between the two countries. The newly created company aims to capture freight business in other Mediterranean ports. [Text] [London 8 DAYS in English 16 Jan 82 p 44]

CSO: 4600/227

## TFSC POLITICAL, ECONOMIC PROBLEMS DEPICTED

London 8 DAYS in English 26 Dec 81 p 21

[Article by Andrew Borowiec: "'Kibris': The Quest for an Identity"]

## [Text]

EVER SINCE he barely managed to get re-elected as president of the 'Turkish Federated State of Kibris' (TFSK) last June, Rauf Denktash has not been a happy man. 'I worked hard for the people and this is how I get repaid,' he told friends referring to his 51.7 per cent vote.

Compounding Denktash's difficulties in the Turkish-controlled northern part of Cyprus is the make-up of the 40-member parliament, in which the three opposition parties control 21 seats. The crisis had been simmering for some months before it came to a head on 7 December, when minority Prime Minister Musaifa Cagatay of Denktash's National Union Party (NUP) was toppled by a no-confidence vote.

The press in the Turkish sector blamed the crisis on the economic situation. According to columnist Erdal Andiz, the dominant party has been responsible for 'smuggling, economic collapse, unemployment and emigration.' The opposition claims that since the Turkish military intervention in 1974, some 20,000 Turkish Cypriots have left the island. They were replaced to some extent by 30,000 immigrants from the mainland, to whom officials sheepishly refer as 'Turks of Cypriot stock returning home.'

Unemployment stands at about 5,000 for a population of some 130,000. Perhaps a more significant comparison is with the strength of the work force of 35,000, of whom 9,000 are employed by the administration. Pay increases have not kept up with the cost of living, causing a rash of strikes. Between the end of February and the beginning of October, the overall cost of living increased by 24 per cent. The highest

rise was in the cost of food and drink (34 per cent), the lowest in medical care and education (7 and 6 per cent respectively).

When told that their standard of living is much higher than that of the average person in Turkey, most Cypriots in the north reply: 'We are not in Turkey.' The quest for Cypriot rather than Turkish identity has, to a great extent, harmed Denktash's popular appeal as he constantly stresses the links with the 'motherland'. And the 'motherland' is concerned about Cyprus, particularly as two of the opposition parties — the Communal Liberation Party (CLP) with 13 seats and the Republican Turkish Party (RTP) with six — lean to the left. Their extreme elements are Communist. Consequently, when a leftist government became a possibility, Turkey's military rulers became alarmed. The fourth party in the parliament is the Democratic People's Party (DPP) with two seats.

Turkish Premier Bulent Ulusu, who directs Cyprus affairs on behalf of Ankara's military government, promptly dispatched his under secretary, General Vahit Guneri, to Cyprus. The general previously commanded Turkish troops in Cyprus and is familiar with local politics. He had consultations with political leaders and dined with Denktash at a waterfront hotel. Both men apparently raised their voices several times during the meal, and parted without obvious cordiality.

Later, brushing aside the opposition's charge that 'Turkey was interfering in the internal affairs of a sovereign state,' Guneri announced that the best solution under the circumstances would be a coalition between Denktash's conservative NUP and the left-

leaning CLP headed by Alpay Durduran. It remains to be seen how such an alliance could be formed, as the two parties rarely see eye to eye on anything.

The CLP has been loud in its condemnation of the ruling establishment and the so-called 'free enterprise class' which party members describe as 'exploiters, smugglers, warmongers, hoarders, black marketeers, fascists and tax-evaders.' This sweeping statement apart, there is little doubt that several Turkish Cypriots have amassed sizeable fortunes due to the 'free economy' system favoured by Denktash and his party. While mainland Turkey has had to struggle to put its economy on an even keel, there are few shortages or hardships in northern Cyprus, for those with money.

The 'free enterprise class' has been flaunting expensive new cars (despite a ban on their import) and spending large sums on lavish meals in the sector's half-a-dozen European restaurants, their wives flashing furs and diamonds. In such a small community as northern Cyprus, the contrast between rich and poor is jarring.

Denktash himself is still a popular leader to many. His rotund figure can be seen walking the narrow streets of the Turkish sector of Nicosia, chatting with shopkeepers and passers by. In marked contrast, his Greek Cypriot counterpart, Spyros Kyprianou, usually drives in a heavy protected motorcade, police sirens screaming.

During the search for a compromise, Turkey's weight will undoubtedly be felt. Cagatay, the ousted premier, recently returned from Ankara with a pledge of aid worth Turkish lira 7bn, roughly \$50m. However, General Guneri apparently said in no uncertain terms that this aid would be jeopardised by any government coalition dominated by what Ankara believes to be leftist extremists.

**JORGENSEN EXPECTED TO FACE NEW OPPOSITION IN SDP, OPPOSITION****Deepened Splits in Parties**

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 81 p 5

[Article by Lisbeth Knudsen]

[Text] It's not just behind the doors to the prime minister's offices that there have been problems for a week now over the formation of a new government.

In many of the Folketing groups that have been in direct contact with the government negotiations there have been differing opinions as to what their party leaders and negotiators ought to do. There have been long internal discussions, divisions into groups with various opinions and nervous anxiety that someone would reveal a split to the general public.

**Social Democrats**

The divided attitudes on the government issue are no less apparent in the biggest party, the Social Democrats. A few hours after the election party leader and acting Prime Minister Anker Jorgensen seemed inclined to become part of the opposition and he had little faith in an S-SF-R [Social Democratic-Socialist People's Party-Radical Liberal] cooperation which was being suggested by prominent people in the party.

Anker Jorgensen's own group of advisers was divided in two. Everyone felt as the union movement did that in view of the election victory SF should be tried out in a cooperation that would also have to include the Radical Liberals. A group headed by the political vice chairman, Knud Heinesen, felt very strongly that if the attempt to form an S-SF-R coalition failed the Social Democrats would have to go into the opposition.

Another group including several ministers, among them Svend Auken, Mogens Lykke-toft and Erling Olsen as well as Ritt Bjerregaard, felt the party should do all it could to retain government power even if it had to base this on shifting majorities in order to prevent a nonsocialist government from getting into power. Within this group some proposed an S-R government as a solution. At the group meeting Friday Anker Jorgensen did not take sides on this but announced that his own position had not yet been clarified.

## Radical Liberals

There are also problems with the government negotiations among the Radical Liberals. The party campaigned on a majority agreement across the middle of the Danish political spectrum. Anker Jorgensen was singled out and then afterward as leader of the negotiations he included the Radicals in an effort to cooperate in an entirely different direction--namely with SF.

Four members of the Radical group, Janne Normann, Hans Larsen-Ledet, Ole Vig Jensen and Jens Bilgrav-Nielsen, clearly have doubts about that kind of negotiating lineup. So do Bernhard Baunsgaard and Radical leader Niels Helveg Petersen even though they place great weight on holding onto the Social Democrats as cooperation partners. Lone Dybkjaer, Tage Draebye and Aase Olesen feel that a nonsocialist four-party coalition must be prevented and that therefore a majority made up of S, SF and R is acceptable if a responsible economic policy can be agreed on. The prominent Radical chairman of the small farmers, Christian Sorensen, recommended Niels Helveg Petersen as new leader of negotiations in order to bring about a broad cooperation.

## SF

So far SF is the party involved in realistic government negotiations that has had to give the most of the three. The party has provided some openings with regard to business tax policy and economic policy which led to some internal discussions. Every step taken by SF is being closely scrutinized by VS [Socialist Left]. SF leader Gert Petersen has therefore always had the safety net that held that unless the government made adequate commitments on improving employment SF could not take part.

Sources in other parties at Christiansborg say that for the moment SF has done an excellent job of avoiding being left holding the bag--in other words losing the game as to who will be blamed for a collapse of government negotiations. But prior to a committee meeting yesterday for the party's executive committee Gert Petersen outlined the viewpoints even more clearly and criticized the Radicals in such a way that they could be blamed and left holding the bag in due course.

## Four-Party Coalition

There has been striking silence among the nonsocialist parties in the days when Anker Jorgensen has tried out the negotiation possibilities. During a courtesy meeting Friday with the prime minister however it became clear from the statements made by the four parties in the shadow cabinet that the Conservatives had yielded to Liberal Henning Christophersen as negotiation leader in possible future government negotiations which would make him prime minister in a nonsocialist four-party government. But if Anker Jorgensen continues as prime minister the Conservatives will try to take the leading role for the nonsocialist parties as the biggest opposition party.

Nonsocialists Against Economic Program

Copenhagen BERLINGSKE TIDENDE in Danish 27 Dec 81 p 1

[Article by Carsten Steno]

[Text] The new Social Democratic government cannot achieve any voluntary agreement with money institutions and life insurance companies on a transfer of capital to agriculture and construction even though the Social Democrats have now moderated their financing reforms on a number of points to gain the support of the Radical Liberals.

Representatives of the life insurance companies and the financial institutions told BERLINGSKE SONDAG that the situation is exactly the same as it was before the election despite the changes in the Social Democratic plan.

"We understand that the government has now cut the investment commitment but legislation will still be needed if funds from capital pension plans have to be invested in index bonds. In addition we are opposed to intervening with capital pensions which were hit hard enough already with the tax increase to 40 percent several years ago," said the chairman of the Savings Bank Association, director Lauritz Ringgaard.

The chairman of the Life Insurance Companies Association, director Tage Olesen, agreed with Lauritz Ringgaard that the situation with regard to financing reform is the same as before the election.

"The insurance companies demand that financial institutions and companies be treated equally from a competitive point of view and that will require legislation. That hasn't changed even though the Social Democrats have made some changes in the original plan," said Tage Olesen.

Acting Economic Affairs Minister Ivar Norgaard has proposed in negotiations with SF and the Radical Liberals that funds from the pension accounts go to agriculture and construction while industry, which was included in the original proposal, was omitted. Ivar Norgaard then proposed that the obligation to invest the money in index bonds would only involve at most 40 percent compared to 50 percent originally of the net increase in the pension assets. The bonds would be offered on the free market but those that could not be sold there must still be bought by financial institutions and pension funds and that will require legislation.

### Observer Sees 'Recycled Government'

Copenhagen BERLINGSKE AFTEN in Danish 1 Jan 82 pp 1, 10

[Commentary by Hans J. Poulsen]

[Text] It is a recycled government that has been granted only a short reprieve that is being presented to the queen today by Anker Jorgensen. The prime minister has Heinesen at his side once again but otherwise the cabinet has not been much refurbished. The hour of reckoning is not yet at hand for various "deadbeats." For the present the country must get a 1982 budget.

The Anker Jorgensen government the queen is expected to approve today will be a "real" government and not a caretaker cabinet. The pro tem phase that has existed since the government stepped down on 9 December is now over. The unclear figures from the election have spawned a new Social Democratic minority government, Anker Jorgensen's fifth government. There are now only five ministers left who also served in the government Anker Jorgensen took over in 1972 from Jens Otto Krag: Ivar Norgaard, Kjeld Olesen, Knud Heinesen, Dorte Bennedsen and Erling Jensen. But compared with the government voted out by Folketing on 12 November it is a predominately recycled group.

Some of the new and reappointed ministers who will be presented in noble blue at Amalienborg today and approved by the queen were not very eager to continue and others are in imminent danger of leaving the government quite contrary to their own wishes. The prime minister did not wish to make any end of the year reckoning of the "deadbeats" among his ministers.

#### Heinesen in Non-Stop Role

After Svend Jakobsen's self-chosen transition from the hard post as finance minister to the softer chairmanship of Folketing it was clear that Anker Jorgensen would lack two things in his cabinet--a new economic affairs minister and a new right-hand man to serve as ubiquitous political consultant. Not surprisingly the minister of public works, Knud Heinesen, has long been mentioned as the favorite contender for both roles. The only question has been whether he would take on this new burden. Both he and the prime minister knew that Heinesen's acceptance of such a dual role whose non-stop functions are by no means foreign to him could be interpreted as meaning that the government shares the widespread view that it will have a short lifetime. After all Heinesen did once ask to be excused. These reservations seem to have been overcome during the Christmas deliberations. The very minor ministerial shifts also serve as advance warning that the Radical Liberals may get two or three ministerial posts when the problematic 1982 budget has been adopted. From what we have learned prominent Social Democrats would not reject such a solution to the problems confronting Anker Jorgensen as chief of personnel. After all the election left nine fewer people to choose among in the Social Democratic group in Folketing.

## Elleemann in Christmas Action

The Liberals seem preoccupied with the possibilities of overturning the fifth Anker Jorgensen government in connection with the 1982 budget. The budget legislation has been ready and lying around since August and during that time the bottom line has deteriorated from a deficit of around 41 billion kroner to one of 47 billion according to the latest estimates which were presented during the post-election negotiations by S, SF and R on a political agreement.

Uffe Elleemann-Jensen, political spokesman for the Liberal Party, broke the Christmas truce when he made this statement in the Sunday edition of BERLINGSKE TIDENDE: "If the Social Democrats and the future minority government again present the budget proposal from August without any desire to negotiate with the nonsocialist parties on savings the nonsocialist parties will be forced to consider voting against it."

The media quickly expanded on the concept of considering a negative vote and the impression spread that at least CD [Democratic Center], the Christian People's Party and the Conservatives had been asked if they would take part in such a frontal assault. Voting against the budget is not exactly what the old parties have been most concerned with.

The closest they have come to that was in 1929 when by refraining from voting for a budget act the Conservatives brought down Madsen-Mygdal's Liberal government after which Thorvald Stauning (Social Democrat) became prime minister.

So far only the Progressive Party has voted consistently against the budget in its entirety.

## Unprecedented Irresponsibility

Uffe Elleemann-Jensen told WEEKENDAVISEN that he did not make his statement about a political action against the budget following consultations with the nonsocialist parties but that he felt such an action had not become less urgent after Knud Heinesen as acting finance minister revealed on Monday that the various ministers had been asked to include in their calculations for the budget proposal what it would cost to implement the Social Democratic action program that was presented when the election was called. SF has directly asked to have the 11 points from the Social Democratic plan included in the negotiations with S and R and in the budget legislation. This is being done now because there is great fear of SF in the government party which hopes on the other hand that it can keep the Radicals firmly in line by offering them the prospect of ministerial posts.

Knud Heinesen has called Elleemann-Jensen's challenge "unprecedented irresponsibility" aimed solely at bringing about a government crisis. In passing Heinesen added that he was not rejecting "nonsocialist savings proposals" in advance. It was not the 14 billion in the Liberal-Conservative plan he was referring to but perhaps CD's 2-3 billion.

Christian People's Party Folketing representative Jens Steffensen has rejected Uffe Ellemann-Jensen's proposal with reference to the point that as one of the compromise parties in the period before the election was called they had voted for the 1982 budget and he chided Uffe Ellemann-Jensen for not informing the others in advance. The Radicals have also rejected taking part in a "non-socialist action" against the budget proposal from August as well as the idea of helping push through a "nonsocialist budget."

#### Early Demise Predicted

In spite of the breach of the Christmas truce the government is entering the new year in fairly good shape. Things won't start to get serious until 12 January when Folketing reconvenes. And it is a widespread belief that Anker Jorgensen's fifth government won't last out the year. An early demise is predicted. Some politicians believe the government will have to step down after only a month, while the Radicals are giving it the most leeway--until October.

But there are many pitfalls before one can go that far. The government itself has repeated time after time that it should rule on the basis of an overall plan. This is what is said on income policy: "The government assigns decisive weight to wage increases in 1982 not being substantially larger than in 1981. The government recommends that the labor market factions contribute to this by seeing to it that the expiration of the commitment paragraphs, etc. (as of 1 January 1982, Ed.) does not set off intense new cash wage increases."

The government is also very insecure about what SF might do. The Socialist People's Party was obviously not handing over a blank check when in the last round of talks on 23 December it once again backed Anker Jorgensen as leader of the negotiations.

Thus the party's vice chairman, one of the 10 new SF people in Folketing, wrote in SOCIALISTISK DAGBLAD on Christmas Eve: "It is possible that the Social Democrats regard the election results as a temporary loan of some seats to SF and think they can be regained by using methods employed before in 1967 and 1973--Haekkereup tactics and heavyhanded methods. But that won't work.

"SF has become wiser and we won't allow ourselves to be tied to a Social Democratic policy that is based on going 'from case to case to case' without getting anything for it.... If the Social Democrats won't cooperate but simply go on 'waltzing with the nonsocialists' that will be their decision and their responsibility."

When the Social Democrats hold their executive committee and business committee meetings today Thomas Nielsen will ask for a resumption of talks on income policy as long as the new government gets a "solid basis" on which to work. This will involve clear support from SF and the Radicals. And Thomas Nielsen wants to include profitsharing.

Government Weaker, Folketing Renewed

Copenhagen BERLINGSKE TIDENDE in Danish 12 Jan 82 p 8

[Editorial]

[Text] Two things will play a part when Folketing starts working today. One is that the Social Democratic minority government is weaker than the government of which it is an extension. The other is that a quarter of those meeting in the halls of Folketing were not members before the election. These two circumstances will affect developments in the weeks and months ahead. They can determine whether the government will have a short life or a long one and they can affect the chances that Folketing can make the decisions that must be made.

Behind it Anker Jorgensen's government has a Social Democratic group in Folketing which has nine fewer seats--and nothing else. There is no agreement with anyone on anything. This is a government that has little chance of pursuing a policy based on a fixed program of action. It is a government that must present problems without demanding their solution in one way or another in advance. It is a government that must negotiate its way forward and be willing and more than willing to be accommodating with regard to the views of others.

If the government wants to act on the basis of the weak forces at its disposal it will meet parties in Folketing that must also act on the basis of their immediate strength. None of them can force a particular policy on the government and they can't impose their own will on others either. As the government must adapt itself to Folketing so must the opposition parties adapt themselves to each other. This means that the government must strive for compromises that include several parties and it means that the opposition parties must be in some agreement on the main lines for their behavior. If these conditions cannot be met the work of Folketing will be destroyed and neither the government nor the opposition parties will be able to do the work expected of them.

This pattern of cooperation will require extensive good will and a flexible ability to find standpoints that can unite as many as possible. This is a piece of political work that will call for the best traditions of Danish parliamentarianism. There is a need for experienced people to carry this through. And in this context it can be important whether the newly-elected quarter will understand this and be capable of living up to demands that have not existed to this extent for a very long time. If the new members take their places with some unrealistic ideas about their future activity it could be a burden on the efforts that must be made in unanimity in the time ahead. If the newly-elected members are still warmed up from the campaign and more or less prepared to continue the fight for votes everything could fall apart. This applies both to the government situation and to the situation among the various parties.

## Paper Comments on Jorgensen Strategy

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jan 82 p 7

[Editorial]

[Text] The prime minister declared during the Folketing debate on the government's program that he had no intention of committing political suicide. But he admitted that he might do away with himself.

On top of the dramatic confrontations with the Conservatives and the Liberals on radio and television it was necessary to ask what Anker Jorgensen meant. His aggressiveness gave the impression that the prime minister was deliberately heading toward a situation that would lead to the government's quick downfall. There could be a good argument for that since the Social Democrats were the big losers in the election and Anker Jorgensen was forced to continue against his will. But apparently that is not what the prime minister intended to convey. As he has done so often before he let the words flow out without thinking how others would construe them. During the Folketing debate he made it clear that the government is not striving to commit political suicide and that it is prepared to do the job it took on. In other words it wants to govern and to do so for a long time.

However it has been revealed just as clearly that the prime minister despite this stated intention might do away with the government. Anker Jorgensen admitted the government cannot form a majority together with the Socialist People's Party and that others must be included in the cooperation that will lead to a majority behind the decisions that must be made. And he conceded that the government can't seek a majority on one side for reforms that require spending on one day and then seek a majority on the other side the next day in order to cover these expenses. For the SF people this means they must decide if they want to be in the same room with parties that lie to the right of the Social Democrats. It also means that the Radical Liberals will be forced to decide whether they want to form a bloc with the Social Democrats and the Socialist People's Party--and so-called bloc politics is just what the Radicals detest most. For both parties the decision will be affected by what the Social Democrats want. Neither the SF people nor the Radicals have the power to decide what will happen in Folketing. Whether they have power or not will be decided by Anker Jorgensen.

During the Folketing debate the prime minister admitted that this is the actual situation for his government and that the work in Folketing will be decided by how it is handled. For once Anker Jorgensen expressed real anxiety. It was probably wise of him not to take a firm stand on what the government would do in the efforts to find a majority. But in practice the government will very soon be placed among the parties in such a way that it will be forced to make a concrete decision. Will it choose a majority that can give it support for some basic wishes that would in Social Democratic eyes be pretty feathers in their caps? Or will it choose a majority that can only be established by abandoning such wishes but on the other hand will provide a stable and secure base for a sound economic policy?

## Liberals' Division Worsened by Vote Result

Copenhagen BERLINGSKE TIDENDE in Danish 15 Jan 82 p 11

[Article by Solveig Rodsgaard]

[Text] The Liberal Party's election results provided time for some soul searching about the leadership of the Folketing group and for open discussion on "the academics from Copenhagen" in contrast to the voter core in Jutland. The distance between the top leadership and the voter core has become too great say the critics in Jutland who want more influence.

The balloting for the leadership of the Liberal Folketing group has created a stir. What could be detected for several months finally came out in the open after the poor election results--opposition to "the academics from Copenhagen" and an attempt to get a representative of the voter core, preferably one from Jutland, included in the top leadership group.

The attempt failed but the action left its mark on the Liberal Party. So much so that the Jutland Liberals' Cooperative Committee will discuss the matter on Friday. Jutland Liberals want influence at the top of the Folketing group corresponding to their importance in the national organization.

In the ballot cast by the Liberal Folketing group on Monday Henning Christoffersen was re-elected with no opposing candidates. But problems arose concerning the post of vice chairman. The former vice chairman, teachers' college instructor and political scientist Bertel Haarder had to run against two opposing candidates, farm proprietor Ivar Hansen from Agerbaek and Niels Anker Kofoed who likes to call himself a farmer. In the first round of voting Niels Anker Kofoed got five votes while Bertel Haarder and Ivar Hansen received equal amounts. In the second round Bertel Haarder received 11 votes and Ivar Hansen eight.

There was also a contest for the political spokesman post. Former Finance Minister Anders Andersen, a powerful farm proprietor from Jutland, proposed that Henning Christoffersen be both group chairman and political spokesman to unite the power in one place. Bertel Haarder was also nominated but when Henning Christoffersen recommended that the group re-elect political scientist Uffe Ellemann-Jensen he received the most votes.

Ivar Hansen, Mette Madsen, Knud Ollgaard and secretary Povl Brondsted were elected to the group committee.

### Jutland Faction

As we said there had been rumblings for several months. At the national Liberal meeting in September it was disclosed off the record that the Jutland faction would like Bertel Haarder to leave the vice chairmanship so one of them could get the post. When the Folketing group was being set up in October prior to the

new session of Folketing no one in the group was interested in any changes because everyone took a Folketing election for granted.

When the Folketing group met Monday to choose officers after the election the old group committee would not come up with any nominations. Among other things Bertel Haarder did not want to be accused of hanging onto his post, especially in view of the Jutland opposition.

Therefore it was entirely up to the group itself to choose its leadership. Proposals were presented in writing so that no one knew who had submitted them and the voting was also secret.

#### Day After

It had been the intention to keep the fact that the elections were contested a secret. But just as has been the case after the group meetings of so many other parties Liberal people could read all about it the next day in the newspapers. At Tuesday's group meeting members tightened up the already existing decision not to report events at group meetings to outsiders.

Bertel Haarder said the day after: "I think it is good one can't accuse the old leadership of having tried to extend its own life by nominating itself for re-election. It is good that instead we allowed the group to start entirely from scratch without making nominations or reaching prior agreements."

#### Distance

But there are still problems. Liberal vice chairman in Ringkobing County and member of the Liberal executive committee, farm proprietor Harry Gade, said that after the election even more distance has been created in the Folketing group between the Liberal voter core and the top Liberal leadership.

"The top Liberal leaders have now come even further away from the party's core of voters. That was also shown by the last Folketing election which led to a decline for the Liberal Party while in the last municipal elections the party retained its broad backing among the people. That shows that our municipal politicians are more in accord with the party's electorate and members than the Folketing group's leadership is," Harry Gade said to HOLSTEBRO DAGBLAD.

He announced a debate by the Jutland Liberals' Cooperative Committee on Friday before the meeting of the Liberal Party's executive committee and the district chairmen's meeting on Saturday.

To this Bertel Haarder said: "If I were chairman of a regional district in Jutland I might feel the same way. But the group did make its choices starting from scratch."

## **Election Result**

Bertel Haarder also admitted that the election result with the loss of two seats had affected the entire matter.

"The election result? We have talked a little too much about the economy. We feel we should have thought to a much greater extent of our glorious tradition as a free-thinking liberal party with a strong profile in cultural and educational policy sectors. I regard it as my job to help correct that.

"Distance between the top and the core of voters? Yes, it's there. But that is probably due more to the things I have mentioned. I think those who didn't vote for us are borderline voters and most of ours live in the cities. Those are the ones who defected, the wage earners, pension recipients, teachers. I believe our message was correct and thus too cold. Because people have not yet begun to notice the crisis they don't feel there is a need to do anything about it."

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CSO: 3106/53

**KRASUCKI ON CGT'S POLAND POLICY, RELATIONS WITH PSF**

Paris L'HUMANITE in French 29 Dec 81 pp 1, 5

[Article by Henri Krasucki, CGT secretary: "Knowing What We Want"]

[Text] Although the Polish crisis remains distressing and worrisome, it does seem to be evolving in a direction that leaves open the possibility of a positive outcome which the CGT, for its part, has clearly wished from the very outset.

By doing our best to observe a bit of perspective, it is possible and even necessary for us to make a few considered remarks on certain aspects of what has happened in France in connection with the Polish situation. The CGT has consistently taken a clear, responsible, and measured position. It will continue to do so in the interest of socialist Poland and to avoid doing anything that is liable to jeopardize the chances of a national, democratic solution conducive to continuation of the reform process initiated in August 1980 and based on dialogue and national understanding. And consequently without an irreparable clash at a time when the danger of such was great.

Far from being alone in thinking this way, especially in Western Europe, the CGT has noted the same degree of prudence not only in the large majority of West European trade unions but also among most chiefs of state and the highest religious authorities. Transcending fundamental differences, the same great concern about preventing the situation from deteriorating, about promoting a constructive outcome prevails throughout Europe and far beyond it. This is such an infrequent occurrence as to be of noteworthy importance.

The CGT has acted thus also because it is in the interest of France and the change underway in our country. The CGT has expressed itself prudently, particularly about the majority political parties. It has at no time mentioned the Socialist Party whose position was different from its own. It has made no comment on the successive governmental statements.

It must be noted that the Socialist Party has not acted with similar restraint. Some of its most responsible leaders, including the first secretary, have challenged the CGT and stated that pressure had to be brought to bear on it. The party's weekly newspaper, L'UNITE, has acted in similar fashion.

In present-day France, such actions demand attention and serious thought by both sides. Especially since the anti-CGT campaign, about Poland, is coupled with various kinds of statements being made within the CGT in debates preparatory to its congress, and coupled also with attitudes prevalent in several areas of economic and social activity, attitudes which inevitably raise questions within the CGT. None of this is irreparable.

It is enough, however, to make us feel it necessary to clear the air so as to avoid dangerous mistakes.

#### New Situation Demands New Relations

Relations between the Socialist Party and the CGT have a long and rather turbulent history. It is out of the question for either of these organizations to act as if nothing had happened during some dozens of years. There would be nothing unusual per se about disputes, even public disputes, and manifest disagreements. But all of us are now placed in entirely new circumstances and each one of us must adapt ourselves to them. Disagreements, discussions, and even the war of ideas over this or that conception within the political and trade union Left are part and parcel of social reality and democratic life.

These differences can occur in certain ways when the entire Left is in the Opposition. But the situation is altogether different when the Left is in power and one of its elements is the governmental party and the other the trade union of the change to be effected by the government.

Admittedly relations between the CGT and each Leftist party, and likewise between the CGT and the Union of the Left government, remain relations of total reciprocal independence, allowing each element freedom of thought, criticism, and expression. Yet this does require an exceptional sense of responsibility. On the other hand, it is, of course, healthful for differences to exist between a party, even a party in power, the government, and the state's highest authorities. In reality, however, there are limitations to such differences. Especially when the party in question has an absolute majority in the National Assembly, a massive majority in the government, and a President of the Republic who was once the party's leader and now exercises all the powers of the present constitution.

#### Move Forward with Whom?

The stakes are enormous. The problem is one of making fundamental changes in French society through profound economic, social, political, and democratic reforms designed to solve the problems of our times for which reaction and capitalism can provide no remedies. It is a matter of advancing democratically toward an authentic and original French style of socialism.

One and all, we must accomplish this extraordinary task under conditions as they are, and also as we are.

We do not chose our era or circumstances. We must face up to them and rise to the situation. The opportunity is there. We must not miss it. Our backs are to the wall. This creates obligations for everyone. What reforms? With whom? How should we behave with our allies or partners? And how can we overcome the manifold obstacles and oppositions?

Fundamental reforms are encountering and will continue to encounter even more desperate resistance from the forces of capitalism and conservatism with all of the means they can muster. And they have not shortage of such means.

With whom should this opposition be overcome? Without the CGT? Against the CGT? By trying to weaken the CGT? By thereby depriving oneself of the impetus of the working classes' most dynamic and vital elements?

Even within the Left itself--or in circles that claim kinship with the Left--there is no lack of forces that are dragging their feet because they have set their sights on a "leftist" management of the crisis. As a result, they are fostering incorrigible and permanent anticommunist and anti-CGT activity. Several trade-union organizations, notably the CFDT, are "maximalists" where the Poles are concerned, but here at home they are preaching moderation in reforms of the SMIC [Interoccupational Minimum Growth Wage] and wages, as well as the shorter workweek, nationalizations, and industrial policy.

As for such newspapers as LE MATIN, LE NOUVEL OBSERVATEUR, or else LE MONDE, they consider any circumstance to be fair game in their effort to divide the governmental alliance and exert pressure on the government to have it put off decisive reforms. All of these people have, of course, learned by now that workers and public opinion cannot be manipulated that easily.

But how can we protect ourselves from these desperate elements who are leading the nation into an impasse if public opinion becomes entirely hostile to the CGT?

We do not lay claim to any exclusivity, but within the French labor movement there is no more powerful force offering greater reliability, sound experience, and worker-supported steadfastness, than the CGT.

#### An Inconsistency that Could Be Dangerous

International politics are self-existent, independently of how they may be exploited domestically. It is true that there are differences of opinion that are a "long story."

In its fully independent judgement, the CGT has a certain conception of socialist countries, of their role in the world, of what it considers to be defects, of the development of these countries, and of how to foster such development without complaisance and without interference. The CGT has shown this for many years, particularly within the WFTU and in its international relations.

The Socialist Party has a different conception which leads it to assume hostile and attack attitudes. That is its own business. But, here again, what is said and done when in the opposition is one thing, and what is said and done when being the dominant party in the government and parliament is another thing.

Relations between nations are realities. They have all sorts of effects, economic and political, and even more so upon detente and peace in Europe and the world.

We will definitely have to talk with Poland, the USSR, and with others. The truth is other than what is contained in the massive doses of propaganda being administered by the media. It cannot be hidden indefinitely.

This fact no longer permits extremist crusades but demands a certain modus vivendi.

It is the same with international realities as with other realities, for example, the realities of nuclear power or coal in France's energy policy. When a political party is responsible for government affairs, it must ultimately act on the basis of the facts.

The same reasoning is applicable to relations with the CGT and to each one's attitude toward it.

Within the Socialist Party, there are long-standing conceptions of trade unionism which differ from the conceptions prevalent in the CGT. This is a fact and is in no way abnormal. In our country, there are two mainstreams, one with reformist traditions, the other with revolutionary traditions. And both cover a diversity and more extensive nuances than this basic demarcation might indicate.

Yet all those who, throughout the Left, shoulder responsibility for change and want to effect such change must act according to that responsibility which is ultimately a common one, and do so without ignoring or concealing differences, but by avoiding making them confrontational and obstructionist points.

One may or may not like the CGT as it stands today. It itself does not claim to be perfect. It changes with the times.

People must realize, however, that the CGT is the leading trade union force in the country, that it is an independent organization, that it has a long formative history and that the 35 post-war years have produced within it major internal changes, and that it has acquired extensive knowledge and experience, plus a CGT spirit which is deeply rooted in the working classes and is not attenuated after political favoritisms or cleavages.

The CGT is an original and durable phenomenon. There is room for all at every level of responsibility within the CGT, but everyone is obliged to respect the organization and its rules of procedure freely determined by the congress.

It is absolutely futile to expect external pressures to modify what is properly a matter for free internal debate.

Any attempt of this kind inevitably creates suspicion and triggers the rejection and defense mechanisms of an organization which large numbers of workers prize, and not without reason. With a weak, toothless, and spineless CGT, what would happen to protection of the workers interests, to the French social scene, and to trade union participation in change?

We are not among those who cringe when struck.

There would be a dangerous inconsistency between the affirmed determination to make transformative reforms and any attempts to weaken the CGT or vitiate its class positions.

#### Responsible Partner For a Lofty Task

Nobody can rightly be asked to be simple-minded and incapable of remembering. Not the CGT more than anyone else.

The various components of the Left cannot allow themselves to be included among those of whom it will be said: they have forgotten nothing and learned nothing.

We must forget nothing, but we all have something to learn in one way or another.

We do not presume to lecture anyone, and that is true of the CGT as well as its different partners. Each one knows what is due him according to what he is.

Everything is unprecedented: the situation in France and the world.

No one should lose his identity, but each one must ready himself and be innovative.

It is not a question of posturing for history. But the fact is there, in all its simplicity and truth: we are faced with a task that is literally historic.

It is a difficult and complex task, but it can be accomplished.

It requires far-seeing statesmen if it is to succeed. It requires governmental parties capable of taking appropriate action.

The CGT has sufficient resources and the will to be the cooperative, independent, critical, and responsible trade union partner of a government, of a parliamentary majority and its component parties.

A grand design demands a grand policy and the corresponding lofty vision.

This cannot be accompanied by second-rate deals, mean selfish motives based on paltry partisan interests or petty trade union preferences.

The above situation is one thing, major discussions are another, discussions respecting each organization's individuality and conducted with indispensable equanimity and a willingness to move forward together so as to win together.

Each organization and party must know what it wants and act accordingly with its partners. The CGT will resolutely continue to work to further this process, without giving up and without engaging in one-upmanship.

In defending its positions, its influence, its organization, and the rights resulting from its real representativeness, it is defending much more than its special interests, namely the chances and conditions of change.

It would be greatly prejudicial to cast doubts in workers minds by attitudes we would like to see relegated to the past.

Workers have declared for reduced unemployment, against the high cost of living and declining purchasing power, for profound democratic reforms, for real new rights, and also for detente and peace.

The CGT will not disappoint them. As is its responsibility, it is acting realistically, firmly, and independently to further the achievement of maximum necessary and possible progress to meet their needs and expectations.

Recent events in France clearly show them that nothing will be accomplished without them, in other words, unless they become directly involved, unless they are vigilant and active.

It is up to each one of our partners to do its rightful share by taking appropriate action at its level.

I don't care what the opponents of change will say. I believe people will accept the above comments for what they are, namely a contribution to the objective and to the struggle that must really be our common cause.

What has occurred is a warning to all who wish to succeed. Inasmuch as the CGT was and remains the special target of criticism from various quarters, it was only natural that it speak plainly and thus serve a useful purpose.

8041  
CSO: 3100/247

**CGT GROUPS SUPPORT SOLIDARITY, OPPOSE UNION POLICY**

Paris LE MONDE in French 14 Jan 82 p 4

[Article: "Nearly 5,000 CGT Members Reported to Have Already Expressed Disagreement with Confederal Executive's Positions"]

[Text] Some 2,000 persons--most of them youths--demonstrated Tuesday night 12 January at the Labor Exchange in Paris, expressing their "support of Polish workers and the Solidarity movement." The demonstrators warmly acclaimed two of the Solidarity representatives in France, Messrs Kowalewski and Wolowski. This event was sponsored by several dozen sections of the CGT and the following six CGT organizations: Federation of Merchant Marine Captains and Officers, Trade Union of Proofreaders of Paris and the Paris Region, Ministry of Industry Union, INSEE [National Institute of Statistics and Economic Studies] Union, ONIC (National Interoccupational Grain Office) Union, and the Quartz and Silica Union.

The following four members of the CGT executive committee were present: Mmes Parent and Caudron, Messrs Feuilly and Germon. All four are also members of the Socialist Party. During the rally, Raymond Chariot, secretary general of the Federation of Merchant Marine Captains and Officers, denounced "the hideous fear, the violation of conscience to which millions of men and women in Poland have been subjected." He added: "We compare the CGT's courageous attitude" during the events in Prague "with its successive evasions" since the outbreak of the Polish crisis.

Kowalewski said that "the Polish working class has countered all blows with passive resistance." He appealed to French trade unionists: "Do your utmost to achieve trade union and political unity of all French workers in their action in support of Solidarity and the entire Polish people."

A representative of the proofreaders' union revealed that the petition organized by the CGT Trade Union Coordination for Solidarity group had gathered 4,938 signatures to date, and that 6 federations, 26 national unions, 25 regional and departmental unions, 7 local unions, and 86 sections of the CGT had expressed their "disagreement" with positions taken on the Polish crisis by the CGT's confederal executive and had demanded "that the state of war be lifted and trade union and democratic freedoms be restored."

Lastly, Solidarity's representatives in France were presented with a check for 45,500 francs. Enthusiastic demonstrators greeted this gesture with acclamations and by repeatedly chanting "Long live the Polish workers!"

## **Unrest in French Student Union**

Members of UNEF/ex-Renouveau (student union controlled by communist party activists) have approved the formation within that union of a public expression movement called Solidarity, Independence, Democracy, Unity. These students, including Paul Robel, a former national official of UNEF [National Union of French Students], declared that "the refusal to condemn clearly the state of siege in Poland, the refusal to campaign militantly for the release of interned union members...fully confirm what we have exposed, namely the UNEF's alignment with the PCF."

This new movement includes many critical communist activists who have close ties with Henri Fiszbin. Movement leaders announced that after 1 week's existence, their group had approximately 50 members from the universities of Paris, Lyon, Bordeaux, and Grenoble.

Some members of this student union, who also belong to the Socialist Party, took part in the rally organized by the CGT Coordination group and held at the Labor Exchange in Paris Tuesday night 12 January. These socialists reproach the UNEF leadership for failing "to condemn clearly the suppression of liberty in Poland and particularly the banning of the Polish NZS student union."

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## CONTINUED CONCERN OVER SOVIET EFFORTS TO ADD TO PROPERTY

Reykjavik MORGUNBLADID in Icelandic 30 Dec 81 p 2

[Article: "Fridjon Thordarson, minister of finance: I Do Not Want the Soviets To Obtain More Property"]

[Text] Says the Soviet Embassy Already Purchased Property without Statutory Permit from Him:

"I will not promote the Soviets overtake of the metropolitan area. Already the Soviets own the greatest number of houses of all the foreign embassies in the metropolitan area, and I am of the opinion that all activities of embassies ought to be kept within reasonable limits. I do not want the Soviets to obtain more property," said Fridjon Thordarson, minister of justice, when MORGUNBLADID asked him what his plans were concerning the request from the Soviet Embassy concerning the purchase of the property at Solvallagata 55 in Reykjavik, but this request has remained unattended for some time in the Ministry of Justice.

Thordarson said further: "I cannot say anything about when this request will be finalized. The matter is being studied and I do not think it is proper to elaborate on that at this time. Undeniably, it makes it more difficult that the purchase contract is just about settled. I heard, anyway, that settlement has taken place."

According to law number 30 from 22 May 1980 concerning amendments of the law from April 1966, the authorization of the minister of justice is needed in order for foreign embassies to purchase property, but the Soviets are said to have already moved into the property at Solvallagata and, according to statements from the minister of justice, settlement has already taken place, even though he did not grant the necessary permit.

The property at Solvallagata 55 is, according to sources of MORGUNBLADID, 934 cubic meters, but MORGUNBLADID received information yesterday from the Foreign Ministry that, according to their records, foreign embassies owned a total of 21 properties today, which total 33,000 cubic meters. The Soviet Embassy owns the largest share or four properties:

Number 33 and 35 at Gardastræti, as well as number 9 and 24 at Tungata, which total 7,200 cubic meters. Solvallagata 55 would, therefore, become the fifth property owned by the Soviets and the total cubic meters of all the properties would be slightly over 8,100 cubic meters.

The Chinese are number two on the list with three properties, a total of 4,800 cubic meters. Next are the Americans with two properties, a total of 3,900 cubic meters. West Germany is number four on the list with two properties, a total of 3,700 cubic meters. The Swedish Embassy owns two properties, 2,800 cubic meters; France two, 2,700 cubic meters and Norway two, 2,400 cubic meters. The Danes own one property which is slightly over 3,000 cubic meters. Other countries that maintain embassies here own one property each, except Poland, which rents. The properties of these countries are all smaller than the properties of the countries mentioned above.

9583

CSO: 3111/20

**'MORGUNBLADID' EXAMINES RECORD OF COALITION GOVERNMENT**

Reykjavik MORGUNBLADID in Icelandic 31 Dec 81 p 14

[Editorial: "At the Turn of the Year"]

[Text] The current government was formed early in 1980. The purpose was said to be to save the honor of Althing; by no later than 1982 get inflation down to the same level as that of our trading countries; improve the wages of those who are worse off; strengthen the industries of the national economy; and promote reforms in the areas of large power plants and the energy industry. In order to reach this goal, the prime minister led the leaders of the People's Alliance and the Progressive Party to accept controls in all the professional ministries of his government, with the exception of the Ministry of Agriculture and Ministry of Justice.

It was, however, difficult to connect it to the "honor of Althing" when the government placed temporary laws on the back of the legislative assembly in the beginning of 1981--or "the welfare of the worse off," when the agreed wage price compensations were cut with legislation.

What has been the result in the government's chief tasks during the nearly 2-year span?

(1) The National Economic Institute forecasts 55 percent inflation in the coming year, if nothing is done, but that is somewhat more inflation than the government inherited. It is unavoidable to mention that the inflation rate was on the average well within 10 percent during the 12 years of the reconstruction government, 1959-71, and within 5 percent at the end of that government's term in office. In 1971, a new left government came to power, which left a 54 percent inflation after 3 years in office. The government of Geir Hallgrímsson succeeded in getting this inflation down to 27 percent during the middle of 1977, when unrealistic wage contracts started the avalanche again. Since then, the inflation has been hovering around the 50 percent mark--and is said to be rising in the national economic forecast.

(2) The status of our basic industries has never been worse, despite favorable external conditions, increased catches, good prices for products, and favorable rate of exchange development. Our basic industries have been run at a loss during the recent months, capital has been used up, and debts have mounted. The

same may be said about various state-run operations. Foreign debt is heading toward such disaster that it might turn out very badly if the headwind increases in the economic affairs--or sudden changes take place in foreign lending markets.

(3) No new large power plant has been formally decided on nor started by this government, despite a large flow of documents and statements. And it is no less negligent that nothing has been nailed down in the energy industry, to secure energy output and profits from a new power plant. Surliness and conservatism of the government in energy matters has postponed by many years the time when Icelanders could, with respect to standard of living, sit at the same table as our neighboring countries.

Looking back over the almost 2 years of work, or lack of work, of this government, it will be difficult to find results, even though the results would be sought with a magnifying glass of goodwill. The unsolved problems have, on the contrary, stacked up. The position of the government, which many had high hopes about in the beginning, has therefore weakened considerably and its internal dissent has grown.

Leftist governments have already been allowed to pass through enough tests of experience. The left government of 1971-74 designed the inflation that still terrorizes the national economy. A new left government that was formed in 1978 fell because of the inflation issue about 1 year later. The left government that now is sitting on the ruins of a crumbled government agreement, is looking ahead toward a forecast of 55 percent inflation. Have the leftist solutions not been tried to the utmost?

The Independence Party, which is the shield of the nonsocialist power, is in a much stronger position after the successful congress than it was before it. The congress strengthened the party's internal pillars and policy objectives which were accepted unanimously and showed that there was no difference on issues worth mentioning between party members. There is an important time of trial ahead for the party when the elections for local governments take place next year, especially in the capital, which must be won again. In that battle, it is of great importance that all the main leaders of the party, both the supporters and the opponents of the government, declare their desire to promote the retention of the party's majority in Reykjavik. It also demonstrates the strength of the Independence Party that other political parties are now discussing a joint list against the party in the capital's neighboring towns. It is important that liberal and progressive minded people vigorously support the party.

It is of great importance that the Independence Party gain the strength and support to lead the nation's pursuit of progress. In order to ensure future security and a standard of living comparable with others, conditions must be created for the industries of the national economy to grow and develop to a level of higher value creation and national income. In order for that to succeed, new foundations of power plants and energy industries must be created to support the national economy. The main condition for prosperity is, however, to strengthen the form of society that promotes and strengthens private enterprise, whether it be in the field of economic or intellectual value creation.

A socialistic society, which is, for example, in the limelight because of the events taking place in Poland, has neither rendered general human rights nor general standard of living that is comparable with Western societies. The fetters of socialism can also be slipped into nations' economic systems from the inside. Caution is needed in this respect in this country as well as elsewhere.

MORGUNBLADID wishes all readers and Icelanders a brighter time in the new year.

9583

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## 'LE MONDE' STUDIES POLITICAL REFORM PROCESS IN TURKEY

Paris LE MONDE in French 29, 30 Dec 81

[Article by Claire Trean: "Turkey on the Path of an 'Authoritarian Democracy'"]

[29 Dec 81 p 5]

[Text] I. End of Misunderstandings

Ankara—"What a shame that our generals are not fascists! At least then we would know what we are fighting against!" The ambiguous state of expectation gripping Turkey since what has delicately been called the "operation" of 12 September 1980: the military takeover, is completely contained in that bitter remark. The generals make order, not terror, reign. One does not disappear in the prisons of Turkey. One is not hung there, without further ado, on the gallows of a divine or people's justice. Only rarely does anyone die there, and when the cries of those tortured carry a little further west, toward that Europe to which this country still claims to belong, its generals try to escape opprobrium by stating that they "do not encourage" torture and are frank enough not to deny it. Here, as in other domains, they attempt to give the regime a presentable image, with a somewhat awkward earnestness.

First of all, they had to stop the massacre. The country is still in shock after three years of exaggerated terrorism, in that state of dumbfoundedness sated with violence that comes on the heels of events. Anyone questioned about the current regime begins by remembering: the foxes in the chicken coop, gang warfare, the intimidation, the racket, knifings in the back, reprisals, stray bullets in the streets of Ankara, Istanbul or Izmir, the proliferation of armed splinter groups which, claiming some ideology (of the extreme left or right), secessionist nationalism (the Kurds) or religious fundamentalism, sowed terror in the very heart of Anatolia. Misery also. There was the ruination of the economy and its sequels of shortages, the black market and smuggling. Endless weapon trafficking, vast amounts of drug trafficking, the police fighting sectarianisms. The political class, deeply divided and shot through with corruption, incapable of restoring order, could no longer keep the once very democratic institutions which the country had established in 1961 operating.

Terrorist Groups Dismantled

Turks today are no longer afraid, which is the essential reason why the military still enjoys credit. Most of the terrorist groups have been broken up. Over

500,000 weapons have been seized. Raids are few in number, the frequency of arrests has diminished in recent months and the presence of soldiers is more discreet in the streets of the large cities. Violations of human rights, which accompanied the restoration of order, weigh little in comparison with the security regained by a people who by and large went along with the task as soon as it felt safe from reprisals.

"Abuses? But what do you mean?" asks an astonished Adm Isik Birren, coordinator of the National Security Council, with a disarming conviction. "No new repressive legislation has been introduced. We are going strictly by the Penal Code and the powers conferred on the army by the martial law that was already in force in most Turkish provinces before 12 September 1980." The fact remains that despite this outward legalism, house arrest is still 45 days (it was 90), all possibility of appeal has been done away with for sentences under 3 years in prison and rights to defense are scarcely respected. The fact also remains that while summary executions were not used, many presumed terrorists (some say several hundred) "met death" while being arrested. Then there is the matter of torture. Some 342 complaints have been filed, according to the latest report of the state of siege command. Of these, 140 were judged to be admissible, including "40 serious complaints." A total of 89 soldiers are being prosecuted, but to date, penalties have involved only three officers guilty of brutality resulting in the death of prisoners.

According to military statistics, nearly 45,000 persons have been arrested since 12 September 1980 and of these, some 30,000 have been charged. Some indictments make shivers run up one's spine: The death penalty is requested in dozens, sometimes hundreds, of cases before the military tribunals. This is perfectly legal, they reply, because the Turkish Penal Code provides for capital punishment for a very large number of crimes, which in no way prejudices the final rigor of the verdict. The death penalty has been pronounced in 25 cases so far and applied in 11.

Finally, the generals boast of that kind of equity consisting of striking out equally at the right and the left. Without going into the details of this arithmetic somewhat subject to caution, one must recognize that contrary to the 1971 precedent, when military repression only swooped down on leftist milieus and intellectuals, the army this time intervened in its own good time, not under the pressure of an extreme right which it did not subsequently spare, even if it is now trying to balance things out with detailed accounting that sometimes sets one's mind to wandering: "Some 662 organizations are now operating against Turkey from abroad, including 286 of the extreme left, 109 of the extreme right, 27 separatist organizations and 240 religious extremist groups." And yet, the case of the trade unionists illustrates the laxity with which the principle according to which no one is arrested for his opinions is applied by General Evren's regime: Some 1,000 members of DISK, the progressive workers trade union confederation, are reportedly now being held and 52 of them risk the death penalty, even though their participation in terrorist acts has not been proven.

In this country where the information media are either in the hands of the military or practically practice self-censorship which — with exceptions — relieves the government of having to deal rigorously with them, where whoever has had any political activity in the past answers questions only by asking not to be quoted,

where parties are dissolved and strikes banned, in this country, no one or nearly no one has given way to despair in the past year. Whether taking a chauvinistic tack ("We are not Greeks, after all; we will not live under a dictatorship for 9 years") or voicing a profession of faith sometimes tinged with a certain complex vis-a-vis the West, people wanted to believe until the fall in an imminent restoration of democracy.

#### Reform of Institutions

If the generals should stay in power too long, they would in fact endanger their cohesion. One may already wonder whether it is only "the normal interplay of military promotions" that caused General Saltik, the regime's No 2 man and a hard-liner, to be sent to Istanbul recently as the commanding officer of the 1st Army. As promised, power will be returned to the civilians and the question now is not so much when as how. As they advance, with a journeyman's stubbornness, toward the goals they set (restoration of order, restoration of institutions and economic recovery), the generals are in fact forced to do away with the misunderstandings that still reign one by one. On 16 October, the National Security Council, faithful to its program, appointed the members of a consultative assembly, without any political affiliation, which is to participate in the reform of institutions. On the following day, it decreed the dissolution of parties whose activities had been suspended but which had not previously been formally banned. The lesson was clear: The errors of the past would not be repeated; the military will not return to the barracks until the real enemies of the republic have been eliminated: the parties, ideologies, the parliamentary system.

Following approval of the new institutions by referendum, the consultative assembly will participate in the revision of laws on parties and the electoral system. The plan is that of a strong regime in which parliamentary prerogatives will be reduced and freedoms "limited," with a type of election favoring the biparty system and a supreme organ of control over the institutions, which would enable the army to play the policeman role without having to intervene directly again. In addition, some suspect General Evren of trying to give up his uniform in order to run -- perhaps with universal suffrage -- for the presidency. "Whether it is a military or civilian government," one of them says, "we'll be stuck for 9 years."

It is on the ruins of the 1961 Constitution that the assembly will work and some parts of the future system are still beyond its competency, for example, the decree according to which the generals have just eliminated university autonomy, or the proposed regulation of trade union rights, feared lest it strangle worker organizations, mainly through financial control.

#### Real Difficulties

But the National Security Council cannot eternally rely on the gratitude or passivity of a population that will finally forget the years of terror. The dream of a neutral power, an "unpolitical government," to use the expression of Adm Isik Birren, could soon appear in all its naivete, while the real difficulties would reemerge. The strengthening of nationalism and centralization scarcely allow the ethnic and religious minorities any hope of expressing themselves in the future. Even if the Kurdish national sentiment has gone off the track in recent years in collusion with rightist or leftist extremist groups, it is nevertheless very much

alive. Furthermore, even if the Party of National Salvation that preached the coming of a theocratic state has never been able, in a country laicized by Ataturk, to gather over 10 percent of the votes, Iranian-type fundamentalism finds an echo in the eastern part of the country of which the military is aware, as shown by General Evren's care, on the occasion of the celebration of Ramadan, to present religion as an exclusively personal matter. There is also the concern over controlling religious education, fighting the anarchic proliferation of the small Koranic schools, over finding in a properly understood Islam the foundations of a moral society singularly lacking.

In this essentially rural country, the urban trade union, intellectual and political milieus, which are turned toward Europe, coexist with an enormous population mass that has not assimilated the foundations of Western-type democracy.

For the time being, the military is hanging on to the plan of a strong, unitarian and paternalistic state that would find its legitimacy in a renewal of Kemalism. But the little haste with which the Turks celebrated the 100th anniversary of Ataturk's birth this year reveals to what extent that Kemalism is now abstract and scarcely mobilizing. Authoritarianism will fill the void. That is what was meant by Ecevit, former prime minister and leader of the Republican Party of the People, when he publicly denounced, despite being prohibited from doing so, the generals' decision to dissolve the parties. This provocative gesture, which brought him 3 months in prison, was addressed to Europe. It is also toward Europe that another former politician is turning, a man who regrets that, in order to ensure the stability of this highly strategic country, "some of Turkey's allies seem willing to make do with a cheapened form of democracy."

[30 Dec 81 p 7]

## [Text] II. While Europe Moves Further and Further Away

Ankara--A little over a year after the military takeover, the bets are still open on Turkey's stability. Will the current economic policy make it possible to bring the country out of stagnation and solve the social disparities that had contributed to anarchy? That is the unknown.

While they had options to propose in the institutional domain, the generals did not, on the other hand, have any economic policy. They only took over the monetarist policy launched on 24 January 1980 by Turgut Ozal, minister of economy in the Demirel Cabinet, now deputy prime minister. Completed since that time and supported by the OECD [Organization for Economic Cooperation and Development] and the International Monetary Fund, this program marks a radical liberal shift: freeing of prices and interest rates, wage control, reduction in subsidies and a readjustment of prices in the public sector (which, a heritage of Ataturk's interventionism, represent 50 percent of manufacturing production and services), and encouragement of imports and foreign investments.

The secretary general of Turkish employers, Rafet Ibrahimoglu, enumerates the reasons for satisfaction: In 1981, inflation will be around 40 percent, compared with 120 percent in 1980. Exports will amount to \$4 billion, or 55 percent more than the previous year. The balance of payments deficit will be reduced somewhat,

thanks in particular to the \$2.5 billion repatriated this year by Turkish workers abroad. "We are done with problems having to do with supplies of raw materials and energy which disturbed industrial activity," Ibrahimoglu states. "The ban on strikes had the same effect. Not all the difficulties have been resolved, but the first results are encouraging and we must continue along this path."

Such optimism, somewhat premature, leaves in the shadows the artificial reasons that are partially at the root of the improvements noted. The drop in domestic demand has contributed to a slowdown in prices increases and in the growth of exports. Imports continue to rise, the high cost of money compromises investments and foreign capital does not yet seem very attracted by this market of 45 million inhabitants, despite greater flexibility of legislation and the reiterated appeals of General Evren.

But above all, whatever its successes in restoring the fundamental balance, this policy cannot take the place of a long-term strategy in a developing country, where the population increase is 2.5 percent a year. None of the major indispensable reforms has yet been initiated: that of the unproductive public sector; that of the port infrastructures and communications; that of agriculture, from which one can no longer expect any increase in production; or that of the energy policy, which must be oriented toward improved use of Turkey's own resources, mainly lignite.

The only major basic reform adopted to date is that of taxes, which no government had been able to impose. It reduces the injustices of a system that put a disproportionate burden on wage earners. But would it be enough to make up for the harshness, for the people, of the austerity policy? This policy, which is essentially oriented toward the fight against inflation and increased exports, ignores the problem of unemployment affecting 20 percent of the active population. It implies a reduction in domestic demand, strict control of wages and a "social peace" that is factitious to say the least, because strikes are banned and trade unionism stifled.

#### Feeling of Rejection

This policy, which has no chance of being pursued except by an authoritarian regime, developed within the framework of a new balance in foreign relations. The increase in exports came about to the benefit of the Near Eastern countries and at the expense of the EEC. The former, to which only 15 percent of Turkey's exports went in 1979 (compared with 50 percent of the EEC), have become its biggest customers. Iraq's share has increased and Libya's has doubled, mainly because of contracts signed by construction companies. The Near East, where 110,000 Turks are now working, also offers a new market for the excess labor, at a time when West Europe's doors are being closed, particularly in the Federal Republic of Germany. At the same time, the goal of membership in the EEC, of which Turkey has been an associate member since 1963, has long been relegated to the rank of distant prospects.

The "European club," as it is disdainfully called in Ankara, is sulking. Incidents have grown in number. First, there was the ban on "Turkish representatives at the European Council. Then there was the postponement of any decision concerning additional financial aid from the EEC as long as there were no guarantees of a democratic shift in the regime. After Greece entered the Community, there was the

reluctance of the Europeans to consider that of Turkey in the foreseeable future, then Mrs Fourcade's report on the new customs borders of the EEC, providing for the demarcation of territorial waters at 12 marine miles, which, it is said in Ankara, "would practically amount to depriving Turkey of access to the Mediterranean, given the scattered nature of the Greek islands!" Finally, there were the delegations of members of the Strasbourg Parliament, which systematically submitted exceedingly harsh reports on the violation of human rights in Turkey upon the completion of their missions.

These skirmishes have added to previous difficulties in bilateral relations with certain capitals, as in the case of the renewal of the requirement that Turkish workers going to France and the FRG have visas, or Paris' way of handling the Armenian question, considered in Turkey to be "an encouragement to terrorism" and which arouses disappointment mingled with resentment.

More and more, the feeling of rejection prevails in Ankara. Under the influence of leftist parties and governments, the European position has to date been that of maintaining a certain pressure, without formulating excessively open criticisms that would, given the current state of mind, risk bringing about a break and an even closer rapprochement with the United States. Mustapha Kemal's plan of detaching Turkey from an Islamic world, with its back against the wall at the time, in order to find a place among the European nations was reportedly denied by the very persons who see themselves as his heirs.

#### American Friend

The understanding shown by Washington for General Evren's regime, which is grateful for it, is in contrast with the European grousing. For the White House, informed in advance of the military coup d'etat (the commander in chief of the air force had been in Washington shortly before and NATO maneuvers were taking place in Turkish territory on the day of the coup), there was no question, given the state of disintegration in which the country found itself, of losing the most advanced post of the Atlantic defense, on the border of the USSR, "in order to save a Parliament." Especially since the fall of the Iranian monarchy, the United States has wanted to find solid foundations for defense of the Gulf in a stable Turkey whose foreign policy would be more Near Eastern than European. Strengthening of relations with moderate Arab nations, desired by a country long considered by its neighbors as having broken its ties with Islam, is totally in keeping with this. Ozal's economic policy is based, to a large extent, on the opening to American capital and aid from Washington. That aid, amounting to \$450 million in 1981 (\$250 million in military aid and 200 million in economic aid, two-thirds in the form of gifts), will be increased to over \$700 million in 1982.

This rapprochement was begun before the coup and General Evren's regime has only accelerated it. In January 1980, an American-Turkish defense agreement put an end to the continuous deterioration in relations between the two countries that had been going on for 5 years. In 1974, following the Turkish invasion of Cyprus, Washington decreed an embargo on arms deliveries to Turkey, which responded by placing the American bases within its territory under its command. The 1980 accord, which returned three particularly important bases because they were electronic observation posts, remained ambiguous about the use of these facilities: only for NATO, according to Ankara; to permit a more flexible use of American forces in the Gulf, Washington demanded.

The Ministry of Foreign Affairs still goes by the official version, the only one possible if Turkey does not want to compromise the relations it is now establishing with its Arab neighbors. Weinberger's recent visit to Ankara and the promises to intensify military cooperation and financial aid nevertheless seem to indicate that the Turkish leaders do not exclude distortions of this position of principle.

The conciliatory policy followed with regard to Greece is also NATO-inspired. In February 1980, Ankara lifted the limitations imposed on air traffic over the Aegean Sea, without asking for anything in return. In October 1980, General Evren's regime, in power for only a few weeks, went further, agreeing, without receiving anything in return, to Greece's return to the integrated command of NATO, even before any settlement of the delicate matter of the division of powers between the two staffs in the Aegean Sea. The stiffening of the new Greek Government could compromise this conciliatory policy, but on the other hand, it strengthens Turkey's strategic position in NATO. As for Cyprus, those who had vaguely hoped in September 1980 that the change in regimes in Ankara would perhaps make it possible to save intercommunity negotiations on the status of the island from bogging down were disappointed. They may remain so as long as this question is not considered to have priority on the international level.

Turkey's double need to look like a stable country in order to attract the essential foreign capital and as a free country -- or about to become one -- in order not to compromise its ties with Europe once and for all appears to be more contradictory than ever. Despite the efforts still being made by the generals to try -- verbally at least -- to reconcile the irreconcilable, the choices have been made, with no ambiguity. It remains to be seen whether, in this region of the world, force will be enough to guarantee lasting stability.

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MILITARY

DENMARK

BRIEFS

LIBERAL: GOVERNMENT BREAKING DEFENSE PACT--"If NATO has decided that Denmark can't count on getting American reinforcements the first act of the defense minister when the government starts functioning again should be to call in the 11-man committee that supervises the implementation of the defense agreement," said Liberal defense policy spokesman Arne Christiansen to the Liberal news agency. "It is unacceptable that such a development appears to be entering into the general political negotiations of the Social Democrats and the Radical Liberals without notifying the parties to the defense agreement and as we all know the Radicals are not among them. When Radical Liberal Bilgrav Nielsen calls the development good news there is even more reason to be dubious--as well as because the defense minister now says directly that if the Radicals enter a government constellation defense must be included in an agreement with the Radical Liberals. Against the background of this statement it is reasonable to ask what that means for the agreement with the parties to the defense compromise," said Arne Christiansen. [Text] [Copenhagen INFORMATION in Danish 30 Dec 81 p 5]

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